G R S 58]

Previous references
Ill 80-4 & 9,10 21,22,30 & 33 B Jany 1911

1916.

(Municipal

File No 223-4

Serial Nos 1—15

Later references
SOA 195-16 & 1,2,3.
R. Jany 17

Proof

GENERAL AND REVENUE SECRETARIAT

Serial Nos. 1—15

Part B for August 1916

SUBJECT

Defalcation in the Bangalore city Municipality.

G.O No 1097-8 & 4 8 1916

Orders the retirement from service forthwith of Mr. C. Ramaiyya, Ld Accountant of the Bangalore City Municipal Office, and the immediate recovery by him of Rs 223-3-4 and calls for a report about the recovery of Rs 8-4-0 from Shroff Ramaiya and the result of investigation into certain irregularities in the conduct of the Talukas and the action taken to rectify the errors, omissions and defects reported by the Comptroller

W D 1651—GFB—20,000—1-12-11

Submitted
28/8/16

G R S 11] 1914 - 1915

GENERAL AND REVENUE SECRETARIAT

Mun.

NOTES

File No 223-14

FILE HEADING

Defalcations in the Bangalore City Municipality

From

The President, Bangalore City Mun. Council

No 252 Dated 19 2 1915 Received 22 2 1915

Diary No	Enclos	Spare Copies	Serial No

BRIEF ABSTRACT OF LETTER

NOTES AND ORDERS

First Sheet.

GPB—20,000—8 8 14

GRS]

Routine Notes

[To be used only for notes, requisitions, etc , not intended for permanent record]

Subd

With reference to the note appearing in today's daily post that an irregularity in volving non payment by the Bank City and of Rs 48-3-0 due to Messrs. Perumal Chetty & Sons of Madras, drawn on a cheque during June 1913 having come to light the President has placed his three head accountants under suspension until further orders, the Dy. Secty. was pleased to direct that a report might be called for in the matter

Draft is accordingly submd. No report has been received up till now on the matter

17/2/15

17/2

N B —Should routine notes be written on small slips the notes must be copied or slips pasted on this form

G R S 26]

File No 223-16
Serial No

Diary No. of letter replied to

4

No 6392
ml 9/7/2/15

General and Revenue Secretariat
(Secrt.)
Dated the 17 2 1915

To

The President, Bangalore City Secrt. Council

Date of issue 17/2/15

Signed by Mr P G D'Souza

My dear Sir,

A note appears in to-day's Daily Post (Morning Edition) to the effect that "an irregularity involving the non payment of Rs 48-3-0 due by your office to Messrs. Pennual Chetty and Sons of Madras, drawn in a cheque during June 1913, having come to light you appointed a

over

SUBJECT

Committee of Shunt. Committee for investigation and have in accordance with their finding placed the Head Accountant under suspension until further orders.

2) I am ~~[illegible]~~ directed to enquire if this is true, and if so, to request you to be so good as to submit a detailed report of the facts of the case at a very early date

~~I have the~~
Yours &c

~~[illegible]~~
17/2 ~~[illegible]~~
~~[illegible]~~ 17.2.5

List of enclosures

[illegible]

[illegible]
17/2

Copied by

Examined by

Inl 223-14

G R S 13]

Routine Notes

[To be used only for notes, requisitions, etc , not intended for permanent record.]

D. O. City Municipal Office, Bangalore

Date 191 5

Dear Mr D'Souza

Yes it is true that a defalcation of Rs 4873/- was discovered & the HD accountant has been placed under suspension. The report is under submission to GOI

N B —Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

G P B — 50 000—29-6-14

R S 12]

General and Revenue Secretariat | Inl File No 223 of 1914

Serial No

1 Letter No 252 dated the 19th Feb. 1915 from the President, Bangalore City Municipal Council

Submits a preliminary report about the loss of Municipal money to the extent of Rs 48-3-0 and states that pending further orders he has placed Head Acctt. C Ramanuja under suspension and that a further report will be submitted to Govt after the investigation of the case is completed

7 The President's report and its enclosures furnish details about the items of Rs 48-3-0 misappropriated the facts are briefly these –

8 On the 24th June 1913 a Cheque was drawn in favour of the Vice-President in respect of 9 items of payment and cashed the very next day. Nevertheless, it came to light that payment had not been made in respect of an item of Rs 48-3-0 due to Messrs. Permanand Chetty and Sons of Madras, and Payee's receipts are also wanting in respect of two other items included in that Cheque. Investigation conducted so far showed that Head Accountant C Ramanuja was solely responsible for the irregularities

NOTE—Contn sheet

a

R S 12]

General and Revenue Secretariat | 20 File No 223 of 1916

Serial No

has been placed under suspension pending further orders. The President fears that there are several more such cases against the Head Accountant. The Committee adjourned to investigate the case in respect of Rs 48-3-0 due to Messrs Perumal Chetty and Sons trade Cavander that there are no direct evidences to incriminate C Ramiah. The Assistant Comptroller who assisted the Committee in their investigation and the Munic. President agree in that view

9 Mr C Ramiah is an officer transferred from the service of the Govt to the service of the Munic Council. As such, Govt sanction seems necessary for placing him under suspension (vide Sec 46 Cl (4) proviso (c)). If approved, the President's action may be approved formally pending final orders

10 The Assistant Comptroller's report brings to light a serious defect in the system of recording transactions in the Munic. Office Cash book. It is not clear why such a patent defect was not noticed by the successive auditors of the Local Audit Deptt. who audited the accounts of the Munic Municipality. However in view of that defec

NOTE—Contn sheet

R S 12]

General and Revenue Secretariat | 26 File No 223 of 1914

Serial No

also of the scores of defalcations detected from time to time in the Bangalore City Municipality, it is for consideration whether, pending completion of the investigation in the present case, instructions may not be issued so as to secure the following –

(a) Audit of all cheques drawn since 1912-1913 up to date with reference to payees' receipts by an efficient auditor of the local Audit Deptt.

(b) To facilitate such audit, issue of a circular by the Mb. President to all Mem. Contractors and others with whom the Mun. Council have dealings generally, ~~to prefer~~ asking them to prefer their claim for payment within a particular date in respect of any items for which payment is still due & (c) Immediate change in the system of entering transactions in the Cash book so as to show the amount of cheques drawn in favour of the Drawing Offices on the receipt side of the Cash book the disbursements therefrom being shown on the payment side this will enable the Municipality to know the cash on hand at any moment In this connection, attention is invited to G O dated 18th Jan. 1911 directing that all cash rec

80-09
P

NOTE—Contn sheet

in the Drum Office should be promptly accounted for and lodged in proper custody

Submitted for orders

11 A suitable draft on the above lines will be proposed, if approved

12 A complete & careful audit is necessary. Mr Ramaya was recently given a special promotion on the recommendation of the President; when the official most highly thought of has misbehaved, it is probably time that the whole office should be completely overhauled.

12 It would also be useful in this connection to get a list of all the officials in the Drum office after Dasara day and the period from which they have been there, and the relationship between each offr & any others on the establishment

13 There is a feeling abroad that the Drum office has become the preserve of certain families and that unless the family clique is completely broken, such irregularities will not finally end. It is not known how far this is well founded.

Submitted for orders

Mr Please look up a draft & w/y.

15 The Pres would, I think, act, I think. It is not to be found the writer are so

NOTE—Contn sheet.

R S 12]

General and Revenue Secretariat | Jul File No 223 of 1914

Serial No

Letter No R 821 dated the 16th Feb. 1915 from the Comptroller.

States that at the request of the President, Bangalore City Municipal Council he sent Mr N A Ranganathan, Assistant Comptroller, to assist him in investigating a case of defalcation in the Municipality, and forwards copies of the Assistant Comptroller's report of the results of the investigation conducted by him and his D.O. letter of the 13th Feb. 1915 to the Municipal President

17 Sub. Copies of these papers have already been received with the President's preliminary report. Draft order as per paras 11 & 14 supra is submitted

Mr 22.8

24 2 15

Dr Sec 4)

Mr 24/2

18 A condensed draft is submitted as directed by the Dy. Secy

Mr 22.8

25/2/15

If no corrections made by the Dy. Secy in the draft are necessary, as in this case, the cheque not drawn by the drawing officer in favour of himself. It was drawn by the President, in favour of the Vice President.

Dr Sec 4)

Mr 26/2

Have seen - 4/3 the draft letter

NOTE—Contin. sheet.

5268

R S 12]

General and Revenue Secretariat | Rel File No. 223 of 1914

Serial No

21 Typed draft is submitted.

26/2/15 Dr Seed

Dewan

27/4/15

5891
8 3 15

22 Draft revised and approved by the Dewan
8 3 15

23 Fair copy

10/3/15

3 24 S O No. 7043-4 Dy 10 3 1915
Approves of the President's action in suspending Mr. C Ramaiya, Head Accountant and requests the Comptroller to depute an efficient auditor who has not previously audited the accounts of this Municipality to conduct a complete and careful audit of all the cheques drawn by either the President or Vice-President in favour of himself or other officers of the Municipality during 1912-13 & 1913-14 with special reference to payee's receipts. Requests ~~further~~ Municipal Presidents to come necessary must

NOTE—Contn. sheet.

Serial No

forthwith to record transactions in the Cash book on the lines of the Comptroller's suggestions

4 25 Letter No. 228 dated the 23rd March 1915 from the Comm. President

States that Messrs Permanal Chetty and Sons having pressed for payment of the sum of Rs 4 0-3-0 due to them the amount was drawn from Comm. funds and remitted to them by postal money order pending final orders in the Case

26 The President's action may be approved

27 The President has not yet sent the letter his final report promised in serial 1 In cases like this an audit to be useful should, it is submitted, be prompt It is not also clear if the special audit directed in serial 3 has been commenced. Draft covering these points is submitted

Initials

3/4/1915

28 The draft letter to the President is hereby authorised

In cases of such previous irregular prompt punishment is rare

G R S 12]

General and Revenue Secretariat | Jul File No 223 of 1914

6024

Serial No

if there is to be any effect at all the confidence of the public will be shaken by dilatory proceedings in such matters

The other audit ordered by Govt is to find if any other irregularities exist, & if there nothing to do with the final determination of this case.

It may probably be useful to write to the Comptr also & to complete the audit early

Ans 5/4

Desec

29 Issue

5/4/15 Draft Ans 5/4

30 Draft D.O. to Comptroller is submitted & approved, the two drafts will issue simultaneously

Issued 6/4/15 Desec

Ans 6/4

31 Issue

7/4/15 Ans 7/4

NOTE—Contn sheet

G R S 12]

General and Revenue Secretariat | Rel File No 223 of 1914.

Serial No

5 32 Do letter No 7867 Dt 9. 4. 1915 to Mr G. S Chakravarti, Comptroller

Requests that the audit work may be undertaken very early and the results reported as early as practicable

6 33 Letter No 7873 Dt 9 4 1915 to the President, Bangalore City Mun. Cl.

Approves of his action in paying the messrs Permanal Chetty & Sons against of Mun. funds pending final orders on C. Ramiahs Case and calls for the submission of the further report promised in serial 1 and adds that that report need not await the result of the audit ordered in serial 3.

7 34 Do No 437 Dt 9 4 1915 from the Comptroller

States that arrangements have been made for auditing the accounts with effect from the 10th Instt. and forwards a copy of his letter to the Mun. President in the matter.

35 Subd for information. The Mun. President's reply to serial 6 may be awaited

Mar 28

22/4

NOTE—Contn. sheet

Serial No 5

37 - D.O. letter no. 467 dated the 4th May 1915 from the Comptroller

Forwards copies of his confidential letter to the Municipal President and the auditor's memo of cases relating to the transactions of 1912-1913 in which payee's receipts are wanting.

38 The cases now reported by the special auditor are grave cases requiring further investigation. The Municipal President has promised to conduct further investigations in respect of the items included in cheque no. 745 drawn on the 24th June 1913 & for which Head Accountant Dunnah has been placed under suspension. The President's further report is awaited (vide serial 6)

39 Draft letter requesting him to conduct a thorough investigation of the cases now brought to light with a view to definitely fix the responsibility on the officials concerned in each case and to gauge the extent of actual loss to the Municipality, as intimated

Minute

7245
11.5.15

5.15 Dec'd

39 Draft up in [illegible]

Dewan

[illegible]

NOTE—Contn sheet

GPB—25 000—22-3-15

R. S 12]

General and Revenue Secretariat | Ml File No. 223 of 1914.

	Serial No.	
Files	40	Draft approved by the Dewan 13/5.
	41	Put up 13/5/15.
	9 42	Letter no. 8967 dated the 14th May 1915 to the President, Bangalore City Municipal Council. In continuation of serial 6, requests him to conduct a thorough investigation in respect of certain cases referred to in ~~his~~ letter the Comptroller's letter of the 4th May 1915 to the Municipal President, so as to fix the responsibility on the official or officials concerned and also to gauge the extent of the actual loss that has accrued to the Municipality, and calls for detailed report with records, if any, from time to time as the investigation in each case is completed
	10 43	Letter no. 2567 dated ~~the~~ Sept. 1915 from the Comptroller. Submits a report of the result of the special audit directed in ex 3 supra

NOTE—Contn sheet

R S 12]

General and Revenue Secretariat | Mb File No 223 of 191 6

Serial No

44 The President has not submitted any report up till now in respect of any item of irregularity referred to in serial 9, and the Comptroller also states that report of the action taken in respect of the several irregularities noticed in the present report which has been ~~course of the audit and~~ communicated to the President for necessary departmental action is awaited

45 The auditors' report goes to show -

(a) that amounts aggregating Rs 573-11-9 drawn and charged to Imprest funds have not been duly accounted for,

(b) that proper payees' receipts were wanting in no less than 132 cases involving an aggregate expenditure of Rs 2764-7-8

(c) that in 15 cases besides the item relating to messrs Ponnusal Chetty and Sons the amounts drawn do not appear to have been disbursed to the proper ~~pa~~ parties and

(d) that two items of money received for being credited to Imprest funds, aggregating Rs 26-9-0 do not seem to have been remitted to Treasury

The Comptroller states that "serious irregularities amounting to misappropriation of public funds appear to have been commit

NOTE—Contn sheet

212

19

IMPORTANT.

G R S 12]

General and Revenue Secretariat | Ind | File No 223 of 1914

Serial No

in respect of the 17 items referred to under (C) and (d) above and that "the persons chiefly responsible are the Head Accountant C Ramiah and Shroff Ramiah and that apparently both acted in collusion"

46. The history of each of the 17 items as given in the auditor's report (Para 4) seems to show that there are clear cases of embezzlement Pauch. in the absence of the explanations of the officials concerned it seems too premature to direct their being prosecuted criminally

47 In the circumstance, draft letter to Munb. President calling for a report of the action taken so far is submitted for approval or other orders

MMS
5-10-15
6/10

Rwsec

7/10

48) Draft may issue.
MM
7/10/15

49 Yes
7/10

4 50 Letter no 3005 Dt 13 10 1915 ~~from~~ to the President, Bangalore City Munb.

NOTE—Contn sheet

General and Revenue Secretariat

Rev File No 223 of 191 6

Serial No.

states that from the auditors' reports it is seen that serious irregularities amounting to misappropriation of public funds appear to have been committed in respect of about 17 items and that the persons chiefly responsible were C Ramiah and Shroff Ramiah and calls for a report of the action taken in respect of those irregular items and asks the date on which the departmental investigation about them may be expected to be completed

12 51 Letter No 323 of 27-4-16 from the President, Bangalore City Rural Council

~~Submit~~ In reply to Sl 3 supra, submits a report on the result of the enquiry held by the Committee appointed to investigate the irregularities noted by the special auditor of the Comptroller's Office and states that the Committee's report goes to show that C Ramanya Head Accountant has been found guilty of gross irregularities and recommends therefore that Sri Ramanya may be compulsorily retired on a pension of Rs 24/ per mensem and that he may be directed to make good the amount

NOTE—Contn sheet

G R S 12]

General and Revenue Secretariat | Mil File No 223 of 1914

Serial No

amount of Rs 223-3-11 as opined by the Committee.

Q 2. Submitted for orders with enclosures. | The papers are in 4 sealed packets —

Sh

29.4.16

Bse

13 5-3 Letter No 3309 5-5-16 from the President, Bangalore City Civil Council.

Requests that final orders on the report of the Sub-Committee re irregularities charged against Mr. C. Ramaiah may be deferred pending submission of the views of the Civil Council in the matter

5-4 Submitted for information

Sh The recommendations of the 8-5-16 Committee is being examined with reference to each case investigated. The further report of the President may be awaited

Bse 35 Sno for ung^n

8/5/16 56 Bulky enclosures are kept under lock & key & will be shown before time the further opinion is req^d

Mr Ry

Ans 9/5/16

NOTE—Contn sheet

22

G R S 12]

3976

General and Revenue Secretariat

Jul File No. 223 of 1914.

Serial No

57 MM 9/5/16

462 / 9 5 16

2nd minutes 58 Leen. 11/5/16

Pol 11/5/16

59 Draft of a DO enquiring when the views of the Mil el on the matter may be expected in the Secty to Govt

HMK 48 8 6 1916 60 Minutes 9/6/16

Remember deported

To Raja Sabha Bhushana Dewan Bahadur K O Puttanna Chetty Esq DO 9008 & 10 6 16

Enquiries when the views of the Mil el on the case of Mr C Ramaiya expected to be communicated to Govt

Remember deported

To R Subba Rao Esq Vice Pres, Bangalore Cly Mil el DO no 1256 & 13 6 1916

States that the Mil el may dispose of the case in question at their meeting to be held on 1st July 1916.

61 Submitted for information

HMK 48 14 6 1916

62 16/6/16

Note—Contn sheet

PL—70 000- 17 12 1

7

G R S 12]

General and Revenue Secretariat | Mil File No 223 of 1916

Serial No 14

To the President of the Bangalore City Municipal Council No 2 & 4 7 4 16

Subts for information and orders copy of a resolution of the Mun'l Council agreeing with the recommendations of the Committee appointed to enquire into Mr C Ramaiya's Case & the report of the President to the effect that Mr C. Ramaiya, Head Accountant under Suspension, be compelled to retire from Service on a pension of Rs 24 p m. & that he be directed to make good the amount Rs 223 3 11 which have not been satisfactorily accounted for by him, and adds that certain other old irregularities in the crediting of the values have since been brought to notice, that the matter is under investigation & that the Council are of opinion that each case might be decided on its own merits.

63 Submitted for orders.

JMK 4. For conclusions of the Committee please see pages 62 & onwards of their report. The

JMK 48

7. 7. 1916

P

D

NOTE—Contn sheet

Pll 70 000 17 12

recommendations of the Special Committee and of the President of the Municipal Council are that Mr C Ramaiya should be compulsorily retired and may be directed to good a sum of Rs 223-3-11 said to have not been accounted by him. The President states that the Municipal Council have also accepted this recommendation and further opined that any further short comings or irregularities that may be brought home to Mr. Ramaiya later on may be decided on their own merits

4 An order giving effect to the recommendations will be submitted if so directed

65 Submit for orders —

7/7/16

D

Ret Secy Draft order for approval with proceedings

8/7/16

8/7/16

67 Draft order is submitted with Committees report & Rem. & Service Register.

Buckly registers and retained in Ser W

NOTE—Order sheet

19/7/16

10/7/16 Approved draft issued

13/7/16

70

G R S 12]

General and Revenue Secretariat | File No 223 of 1916

Serial No 69

Rev Secy 13/7-16

2nd Member) To Draft for approval
Dewan 13 7 16

1437
147 16
16

71 22/7/16

24/7-16

72 Draft approved by the Dewan.

26/8/16 Secy 73 Issue 3 8 16

3/8-16

15 To
The President of the Bangalore City Mun Cl & the Comptr.
No 1097 & 4 & 1916
Orders the retirement of Mr C Ramaiya from service forthwith & the immediate recovery of Rs 223 3 11 from him & calls for a report abt the recovery of Rs 8.4.. from Sheriff Ramaiya, as the result of investigation into certain irregularities in the crediting of Site Values & the action taken for rectifying the errors, omissions & defects - reported by the Comptroller

G P S—70 000—12.12-15

D 5201/Ml 223-141

No 252
Enclosure 3

OFFICE OF THE MUNICIPAL COUNCIL
Bangalore City, 19th February 1915

From

DEWAN BAHADUR RAJA SABHA BHUSHANA
K P PUTTANNA CHETTY, ESQ,
Hony President, Municipal Council,
Bangalore City

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
General & Revenue Departments, Bangalore

SIR,

I have the honor to report for the information of Government the following case of loss of public money which has occured in the City Municipal Office.

2 The Firm of Messrs Perumall Chetty and Sons of Madras supplied to this office 300 file boards valued at Rs 48-3-0 some time in June 1913 and a bill for the cost thereof was passed for payment on 24th June 1913.

3. This amount was clubbed with 8 other small items and a cheque (No.745 dated 24th June 1913) for the aggregate amount of Rs 88-4-3 was drawn in favor of the Vice President Mr Ranoji Rao The counterfoil of the cheque and the details of the amount given on the back of it are both in the handwriting of the Head Accountant C Ramaiya The cheque was , as ascertained from the Treasury, cashed by the peon Abdul Razack of this office on the 25th June 1913, the endorsement in favor of the peon being in the handwriting of the Head Accountant But the amount of Rs 48-3-0 was not remitted to the

Madras

19R

From

To

Dated

Despatched

Received

General No.

No.

Endorsed No.

(27) 4

Madras firm, who therefore sent a reminder for the amount on the 24th November 1913. This was referred by Mr. Ranoji Rao to the Head Accountant for explanation of delay, but was not brought before the Vice President for orders nor the money sent . On the 11th September 1914, a 2nd reminder was received by Mr. C. Venkata Rao which was also referred to the Head Accountant with no better result.

4. The firm not having received any money in spite of their 2 reminders, they sent a 3rd reminder on the 8th October 1914 by registered post. This matter aroused a suspecion that there was something wrong ~~in the matter~~ and enquiries were started by Mr. C. Venkata Rao In answer to a requisition of this office the firm wrote to say that their account was not settled even on the 25th December 1914.

5 It was found in the course of the enquiry that the cash account shewed a debit of Rs 48-3-0 in the name of the aforesaid Madras firm on the 24th June 1913 which was the date of the cheque No 745 and that entry was in the handwriting of the accountant T. Shamachar and that the Head Accountant Ramaiya had initialled the entries of that day at foot. No money was actually sent to the firm either on that day or on any other subsequent day The repeated demands of the firm were altogether disregarded by the Head Accountant to whom they were referred by the Vice President for explanation.

6 With a view to sift the matter carefully, I appointed a Committee consisting of Mr R. Subba Rao the acting Vice President and two Municipal Councillors Messrs S Venkataranga Iyengar

Iyengar and B. Usman Khan. To help them in the investigation of the case, the services of Mr M.A. Raghavachar assistant Comptroller were kindly lent by the Comptroller All these have jointly enquired into the matter and submitted their report dated 10-2-1915 copy of which is enclosed for information as also copies of Mr. Rangachar's separate report and the Officiating Comptroller's D.O. letter of 13th instant.

7. The Committee have held that the Head Accountant is responsible for the non-payment of the sum of Rs 48-3-0 to the Madras firm, but as there is no case to go before a Criminal Court they recommend that the official may be departmentally dealt with.

8. I agreed with the opinion of the Committee as regards the culpability of the Head Accountant C. Ramaiya and have accordingly placed him under suspension pending further orders

9. I shall submit a further report to Government as soon as I complete the investigation of the case.

I have the honor to be

Sir

Your most obedient servant

K N Kittanna Chetty

Honorary President

Enc to hl 223-14-1

REPORT.

As instructed by the Honorary President, we enquired into the question of the sum of Rs. 48-3-0 due to Messrs Perumall Chetty and sons of Madras. the amount having already been includ-ed in cheque No. 745 of 24th June 1913 and encashed on the 25th June 1913.

2. During the course of our investigations we examined peon Abdul Razack, Shamachar of the account department, the Head Accountant and the Shroff and took down summaries of their statements. We also found it necessry to examine Mr. Ranoji Rao, the Vice President, during 1913, and Mr. Narayana Iyengar who audited the Municipal Accounts of 1912-13. We are highly obliged to Mr. Ranga Char, Assistant Comptroller, for his assistance during the enquiry.

3. Cheques after obtaining signature of the President or the Vice President are entered as actual expenditure in the cash book. They are delivered direct to parties, or forwarded by post or encashed and the items disbursed in the office. For out-stations, dues are remitted by Money Order or payment resorted to through the Comptroller.

4. During the early and middle parts of 1913, the Head Account ant says that cheques the amounts whereof were to be disbursed at office, were usually endorsed in favor of whoever was avail-at office. usually the Shroff Shamachar says that it was the shroff that always cashed such cheques The Shroff says that he rarely cashed cheques other than those pertaining to the Collec-tion department Abdul Razack says that it was mostly he or Abdul Satar (another peon who has since left office) who cashed Head office cheques. Mr Ranganshar has examined the cheques fil-ed at the Comptroller's office and has assured himself that these cheques were endorsed in favor of peons, including the cheque now under investigation

5. After encashment whether by shroff or peons, the cash unless it formed part of the Collector's office expenditure, was in-variably brought to the Head Accountant. The Head Accountant

says that he did not take charge of the cash but called on the shroff to make disbursements in his presence. Shamachar goes one step higher and professes that no cash was ever brought to the Account Branch of the Municipal Office. The Shroff and Abdul Razackboth affirm that the cash was invariably disbursed by the Head Accountant himself. Mr. Ranoji Rao says that to his personal knowledge the money was taken charge of by the Head Accountant and that he was directly disbursing moneys.

6. According to the Head Accountant, the balance, if any, was taken over by the shroff for safe custody. Shamachar says that the entire cash was always in the custody of the shroff. Abdul Razack says that he did not know who took charge of undisbursed amounts but however remembers of one instance when a bag of money was taken over and kept in the Muntcipal Treasury. He knows that this was during Mr. Ranoji Rao's time but does not remember when . The shroff says that no undisbursed amounts were ever brought to him for custody. The Head Accountant did not keep any acount of such moneys entrusted to the shroff. He sent parties to the shroff with instructions that the parties may be paid and they were paidby the shroff. The Head Accountant's sole guide as to what amounts were available with the shroff, was the unpaid bill. He also affirmed that the shroff maintained a cash register showing the debit and credit of these items We examined the books maintained by the shroff during the period and there are no entries of this nature The only entries found are those pertaining to the Collection department. Mr. Ranoji Rao ~~then~~ says that the person responsible for disbursing moneys and keeping undisbursed amounts in custody, during the early and middle part of June 1913 was the Head Accountant The shroff had nothing to do with it. The system was in his opinion unsafe and he repeatedly asked the Head Accountant to open a Register showing the debit, credit and cash on hand There were delays Shamachar and Sreenivasiah (another assistant of the Head Accountant) subsequently opened a register which they continued writing for about 15 days. It was not done according to instructions and

later,

later they ceased working with it. The Head Accountant and Shamachar remember nothing about it. In September 1913 Mr. Ranoji Rao passed an order that all cheques were to be endorsed in favor of the Shroff and the shroff was instructed to account for the money. A book on certain lines mentioned by Mr. Ranoji Rao was opened and maintained by the shroff from September 1913. This was brought examined by us and identified by Mr Ranoji Rao

7. All this seems to make it clear that at the period we are discussing , the Head Accountant was in charge of such cash. For purposes of arguement we have at this stage assumed that the money was either with the Head Accountant or the shroff.

8. Messrs Perumall Chetty and Sons' bill dated 13th June 1913, after all necessary steps were taken, formed part of records, were audited by the Municipal Auditors on the 21st August 1913. It is only natural to expect that before papers are got ready for audit, the Head Accountant and his assistants, would go over each item and see that everything was in order. The Head Accountant says that his assistant did the work Shamachar says that whenever bills were incomplete i e wanting payee's receipt, the matter was immediately brought to the notice of the Head Accountant. The bill is unaccompanied by a voucher and is for a fairly heavy amount. Shamachar feels no doubt that the deficiency was brought to the notice of the Head Accountant The Head Accountant is positive that this particular matter was attended to by Sreenivasaiya who is said to be a Lunatic and who did not bring the matter of the want of a payee's receipt to his notice The Municipal Auditors passed the accounts as correct.

9. The accounts of 1912-13 were again audited by the subordinates of the Comptroller's office from March 1914 to August 1914 It is not too much to believe that at least this time, the want of payee's receipt came to the notice of the Head Accountant and his assistants. The unpaid bill however bears the auditors' initials and is admitted We examined the auditors who initialled the bill . He does not remember anything definite at this interval of time He can only say that the accounts were furnished by any one of the officials of the account department He also

states that a bill of this nature is not admitted unless accompan -ed by payee's receipt. He believes that a receipt should have accompanied the bill.

10. We are not prepared to give evidence to an indefinite state ment of this nature but we have no doubt that the Head Accountant as well as shamachar were aware that they were passing a bill for a receipt.

11. Assuming that the undisbursed amount was pending with the shroff, the natural expectation would be that the Head Accountant would have sent for the cash, remitted the money and produced the postal receipt. Since this was not done, the only conclusion that could be arrived at is that the money was pending with the Head Accountant.

12. A reminder from Perumall Chetty and sons was received on 21-11-1913 It is written on charecterestic commercial paper with the name of the firm printed in fairly large type This has been referred to the Head Accountant The Head Accountant has been asked to explain why there was delay There is nothing to to show that the Head Accountant pa-sed it on to others A second reminder has been received on 11-9-1914 It was referred to the Head Accountant He says he passed it on to to his assistant Sreenivasaiya on whom anything pertaining to this subject has conveniently been shelved though he left service in February 1914 Repeated reminders coming from Heads of firms complaints of non-receipt of remittances and on which explanations as to cause of delay are sought by the Head of department are not usually consigned to oblivion in this cavalier manner by heads of branches They usually have some curiosity to see whether payment has been made or not-particularly when they know that the items belong to the previous year It is impossible to believe that the Head Accountant did not remember or know the item under investigation A 3rd reminder has been received per Registered Post on 8-10-1914 and that also has shared the same fate as the others

13. The Head Accountant failed to submit any sort of explanation to the Vice President though repeatedly called on to do so from

21-1-1915 onwards.

14. Under these circumstances we are of opinion that he is responsible for the non-payment of money. There are circumstancial evidence justifying our coming to this conclusion. There is no direct evidence that would stand in a court of law. We there fore believe that this is a fit case for departmental action.

15. We also hold Shamachar knew of these irregularities quite well and probably benefitted himself to some extent thereby. We recommend ~~him~~ that due notice be taken of them.

10-2-1915.

Sd/- R. Subba Rao,
Vice President.

" S. Venkataragaingar,
Municipal Councillor

" B. Usman Khan,
Municipal Councillor.

I agree in the decisions arrived at.

Sd/- W.A. Ranga Char,
Assistant Comptroller

10-2-1915.

" C o p y "

Honorary President

Enc to hd 223-14-1 (34)

Confidential

Copy of D O. letter No 24 dated the 13th February 1915 from Mr. N.N. Krishna Rao Officiating Comptroller, to Dewan Bahadur Rajasabha Bhushana K.P.Puttanna Chetty Esq Honorary President, City Municipal Council Bangalore.

&&&&&&&&&&

I send herewith for your information the report of Mr. M.A. Ranga Char Offg Assistant Comptroller, on the result of investigation conducted by him with Mr R. Subba Rao, Vice President and Health Officer in the Municipal Office in accordance with your D.O. of 2nd February 1915.

From what is stated in it, it is clear that the amount of Messrs Perumall Chetty and Sons bill has been misappropriated and the evidence points to the Head Accountant Ramaiya being the person responsible for the misappropriation.

The system of charging off as final expenditure amounts drawn on cheques and undisbursed to the parties is defective The amount of cheques drawn in favor of the drawing officer should be brought on the receipt side of the cash book and the disbursements therefrom recorded on the payment side It is only when cash transactions are thus recorded that the President and Vice President can verify the correctness of the cash balance on hand by actual counting and agree it with the Book balance The system of charging off amounts actually in balance and the absence of any verification of cash balance have rendered the commission of the fraud in question possible.

Copy

[signature]

for Honorary President.

Enc to Rel 223-14-1

(35)

Report on the investigation in the Municipal Office.

In accordance ~~to~~ with the Comptroller's D.O. to the President of the Bangalore City Municipality, I went to the Municipal Office on the 3rd instant to see what the matter was in regard to which my assistance was required. Mr. Subba Rao Health Officer and Vice President explained to me the case briefly and gave me the file of papers relating to the case.

Facts of the case.

2. The facts of the case were as under ---

About the middle of June 1913 Messrs V. Perumall Chetty and Sons, Madras, supplied to the Municipality 300 file-boards in accordance with an order placed with them and sent a bill on 13th June 1913 for Rs. 48-3-0. The receipt of the file boards was acknowledged by the office on the bill and the Head Accountant Mr. C. Ramaiya certified to the accuracy of the rates charged. On the 24th June 1913 the Vice president Mr Ramoji Rao recorded the 'pay' order on the bill and the President passed it for payment. For this amount a cheque No. 745/23dated 24th June 1913 (Book No 8) was drawn on the same date. The amount of this cheque was Rs. 88-4-3 as it included besides this item 8 other items of expenditure including Railway charge of Rs 1-13-0 on the parcel. The cheque was drawn in favor of the Vice President who endorsed it over to peon Abdul Razack and it was cashed at the Banaglore District Treasury on 25th June 1913

3. On 21st November 1913 Messrs Perumall Chetty and Sons wrote to the Vice President that their bill of 13th June 1913 for Rs 48-3-0 remained unpaid and demanded early adjustment of the account This letter was referred by Mr Ranoji Rao to the Head Accountant for explaining delay. On 11th September 1914 and 8th October 1914 two other reminders were sent by the firm for the same bill which were also referred to the Head Accountant by Mr C. Venkata Rao who had then succeeded Mr Ranoji Rao as Vice President. On these letters also the Vice President called for explanation of delay in payment. As none of these reminders went

back to the Vice President with any reply from the Head Accountant Mr. C. Venkata Rao called for them and to make himself sure of the matter, he addressed the firm confidentially and got their reply of 25th December 1914 to the effect that no payment had by any means been received by them in settlement of their bill of 13th June 1913. On 21st January 1915 Mr. Venkata Rao called for a written explanation from the head Accountant as to why the payment was not made and what became of the amount of the bill, but no explanation was furnished to him Mr Venkata Rao then reported the matter to the President, and the Head Accountant's explanation to the President dated 30th January 1915 was to the following effect

1. that all cheques drawn in favor of the Vice President were cashed by the Shroff who disbursed the amounts of the bills included in the cheque amount.
2. that the particular cheque under reference was not entered in the Shroff's book and the Head Accountant was not therefore, able to say what was done with it
3. that he forgot to have the amount sent by money order owing to pressure of work in connection with June accounts and then with the audit of the accounts
4. that the reminders were received by him and given to his assistant Srinivasaih who kept them in his drawer and suddenly stayed away on leave
5. that he was therefore, unable to say why and by whom the bill amount was kept back

It was apparently on this explanation that the President wanted an investigation to be conducted with the assistance of an Assistant Comptroller.

Method of investigation.

4. After studying these facts from the records placed before

me

me, I asked Mr Subba Rao, if there were any Registers or accounts relating to the case. He said there was a cash book which was then called for from the Accountant and given to me. As explained below in detail the cash book was the only register maintained. There was nothing in this register which could lead me to any further investigation by reference to the accounts. I, therefore, returned the book and asked Mr. Subba Rao to keep it also in his custody which he did.

5. Under the system of accounts which existed in 1912-13 all bills received in the Vice President's office were checked by Head Accountant and submitted to the President through the Vice President for being passed for payment. The Head Accountant then prepared cheques for the amount of the bills and, after obtaining the signature of the President, handed them over to the parties concerned, taking their acknowledgment on the office copy of the cheque book counterfoil In cases where a single cheque was drawn for a number of petty payments to be made in the office, it was drawn in favor of the Vice President and cashed by the Head Accountant through one of the peons of the office There was no record of sums realized and brought to the office, and whether these bills werepaid or not to the parties from these realisations, all cheques issued including those drawn in favor of the office, were charged in the cash book as final payments. No separate record was kept either of unpaid cheques or of amounts of cheques cashed by the office and also of payments made in the office out of such amounts There was therefore no record to show the cash balance which at any time remained with the office. Though there was an imprest for the Vice President's office, it was seldom utilised for any purpose whatever, even of a contingent nature The imprest amount remained with the Vice President under his lock and key and transferred only when there was a change of incumbents.

6. From the above, it may be observed that in regard to the particular transaction under investigation, viz, the payment due to Messrs. Perumall Chetty and Sons, on account of file boards

supplied,

supplied, there was no record in the accounts excepting the ~~any~~ entry in the details of the bills shown in the cash book as included in cheque No. 785 charged off on 24th June 1913, and in the office copy of cheque book counterfoil. There was thus no ~~me~~ means of ascertaining from the accounts what became of the amount included in the cheque and brought to the office on this account, who received it and who is responsible for not paying it to the firm in settlement of its claim. I, therefore, examined in the presence of Mr. Subba Rao, Mr. Ramaiya the Head Accountant, Shamachar, the Assistant Accountant, Ramanna, the Shroff and peon Abdul Razack. I also referred to Mr. Ranoji Rao, Vice President during 1912-13, in regard to the details of office procedure during his time.

Depositions taken.

7. The peon who was examined first said that it was the Head Accountant who usually gave him cheques for encashment at the Treasury and that he always handed over the money brought from the treasury to the Head Accountant. He gave no acknowlegment to the Head Accountant for cheques received by him for encashment and therefore took no acknowledgment for moneys given to the Head Accountant The Head Accontant disbursed all moneys received by him and he did not know what the Head Accountant did of the undisbursed balance.

8. The Head Accountant was next examined and he explained that it was usual to combine items less than Rs 10/- in one cheque. Since 1914, cheques drawn in favor of the Vice President are endorsed in favor of the shroff who cashes them and pays to the parties concerned. Previous to 1914, they used to be encashed by peons in whose favor they were endorsed, and he received all money from the treasury, and after disbursing the amounts due to the parties presented he sent the unpaid balance to the Shroff's custody without taking any acknowledgment and without noting this transfer of money in any register. The amount of the unpaid bills always represented the amounts sent to the Shroff for custody.

9. This version was subsequently denied in Mr. Subba Rao's examination on 8th February 1915 when he took depositions from the officials before two Municipal Councillors nominated by the President for conducting the enquiry. It was then said that cheques were endorsed during 1913 in favor of Shroff or peons according as whoever was available. The Head Accountant to whom money was brought by the Shroff or the peon as the case might be disbursed amounts to parties and obtained payee's receipts. If parties were absent, money was taken by shroff and subsequent payments made under his instructions communicated to the shroff after obtaining payee's receipts. He had, therefore, no money left with him.

10. Payments outside Banagalore were made by money order. The Postal receipt and payee's acknowledgment were filed with bills concerned.

11. Bills after being passed were for some time kept separate from the bundle of paid bills. After payee's receipts were available they were all arranged numbered and bundled up by his Assistant, At the end of the month, all bills whether paid or unpaid were bundled together and no separate note was kept of unpaid bills or bills for which payee's receipts had not been taken.

12. The Assistant Accountant Shamachar who was next examined was not prepared to admit even what the Head Accountant accepted as part of his duties and said that all cheques were invariably endorsed in favor of and encashed by the Shroff, that money was never brought to the Head Accountant after encashment of cheque and that all moneys were disbursed by the Shroff who maintained a rough register showing the details of money received and paid by him There was nothing in the accounts branch to show what amount the shroff had with him Like the Head Accountant this man also subsequently changed his story when questioned by Mr. Subba Rao on the 8th and said that cash was brought to the Head Accountant if cheques were cashed by peons and that Head Accountant disbursed money paid to him and sent unpaid balance to

Shroff

Shroff.

13. The Shroff made a clean statement so far as it related to him. He said that at the period under inquiry he belonged only to the Collector's office and not to that of the Vice President. He had, therefore, nothing to do with the Vice President's office money; and amounts of cheques, rarely if even endorsed in his favor and cashed by him on behalf of the Vice President's office, were made over to the Head Accountant. In support of this statement he showed me his cash book which did not contain any entries relating to transactions not pertaining to the Collector's office. He never received any amount from the Head Accountant for safe custody or subsequent disbursement. Since 1st September 1913, however, he has been cashing cheques for Vice President's office according to orders passed by Mr Ranoji Rao, and maintains a book showing credits and debits on this account I saw the register and showed it to Mr Ranoji Rao who also identified it as the one which he got opened

Conclusions.

14. From the depositions detailed above, it will be seen that both the Head Accountant and his Assistant do not deny that the Head Accountant used to handle money at least at the time under enquiry Both of them have deposed to the effect that when cheques were cashed by peons, the money was brought to the Head Accountant and he made payments in the office out of the money Peon Abdul Razack has also said that whenever cheques were cashed by him he always took the money to the Head Accountant The Head Accountant and his assistant say that cases of cheques cashed by peons were very rare As a matter of fact, however, I have seen from the file of paid cheques for June 1913 kept in this office that all cheques-there are 9 of them-drawn in favor of the Vice President were cashed by one or other of the peons of the Vice President's office. As, out of 9 cheques cashed in June, four have been cashed by Abdul Razk, his deposition is entitled to some credence Mr Ranoji Rao also certifies to this effect.

15. The story that it was the Shroff who always cashed cheques

as deposed by the Head Accountant and his assistant is not, ~~ther~~ therefore, consistant with the facts mentioned above. It may ~~also~~ also be disproved from the records. It has already been stated that the shroff's account does not show any transactions relating to the Vice President's office. The file of cheques in this office points to the ~~fact~~ that all cheques of the Collector's office have been endorsed and cashed by the shroff. There were five such cheques in June 1913 and it is omly these that have been entered in the Shroff's register. If it was true that, as stated by the Head Accountant, he also invariably cashed cheques belonging to the Vice President's office, it could not be that the whole ~~file~~ of cheques for one month should not contain one cheque of the Vice President's office cashed by shroff while all cheques of the Collector's office have been endorsed in favor of and cashed by the Shroff in the usual course. The Shroff's statement that he had nothing to do with the Vice President's office cheques before 1st September 1913 is therefore, perfectly true and is also supported by Mr Ranoji Rao Mr. Ranoji Rao says that a book was prescribed by him with a view to note all the cheques drawn in his favor and cashed by ~~the~~ the office But it was not opened by the Head Accountant in spite of repeated orders and that he had therefore, to have it opened by the Shroff from 1st September 1913 in which all cheques of the Vice President to be cashed by him were noted . Mr Ranoji Rao says that before this date the shroff had nothing to do with the encashment of the Vice President's cheques.It is, therefore, clear that during June 1913 cheques of the Vice President's office were not cashed by the Shroff but by the peons of that office and the Head Accountant received all amounts of such cheques.

16. That the Head Accountant was responsible for the disbursement of the sums drawn by him is clear from the nature of his duties. He checked all bills and prepared cheques for President's signature. After signature he handed them over to the parties concerned in the case of cheques drawn in their favor and encashed cheques, drawn in favor of the Vice President for the

payment of the bills included in such cheques. The Head Accountant and his assistant admits this and Mr Ranoji Rao certifies to the fact. I have also seen that some items included in cheque No. 745 of 24th June 1913 have been paid by the Head Accountant, and there is documentary evidence in respect of at least one payment. It, therefore, follows that the Head Accountant was responsible for the disbursement of sums received by him.

17. It has been shown above that the Shroff's account shows no credits of any sums received by him on account of the Vice President's office and the Head Accountant has no record to produce in support of his statement that he used to send to shroff all money that remained after disbursement. Mr Ranoji Rao says that he does not know that the balnce, if any, was ever kept with shroff for safe custody and that he happened to know that the Head Accountant was personally disbursing moneys. It is, therefoe, evident that the Head Accountant is responsible for all sums received by him and all the balance left with him That he had such balances with him is clear from the fact that some of the bills included in cheque No 745 have been paid even before the cheque was issued and certainly prior to their encashment.

18. That the payment due to Messrs Perumall Chetty and Sons has not been made till now is evident from the repeated reminders from the firm and its final letter of 25th December 1914 written confidentially to Mr Venkata Rao It is also confirmed by the failure of the Head Accountant to produce the Postal receipt and party's acknowledgment,,although the Head Accountant told me on the 4th February 1915 that he would make a search and produce them to me. To add to this, there is the fact that three successive reminders from the firm, all referred by the Head of the Office to the Head Accountant to explain delay, were shelved in without any attempt either in his own interest to see whether the original bill was or was not paid or to satisfy his official superior and answer his query.

19. It has been already shown that the Head Accountant received

all sums of cheques cashed by the office and was responsible for their disbursement and for any cash balance left with him. The responsibility for the non-payment of Messrs Perumall Chetty's bill, therefore rests entirely on him and he should make good the amount.

20. It has to be noted in this connection that this bill has been admitted in audit by the auditors of this office, and there is a certificate on the bill to that effect The bill in which is printed at the bottom the words " E & C E Contents received" was, it would appear mistaken for final receipted voucher But K.V. Narayana Iyengar who was questioned by the Vice President said that he did not remember at this distance of time if any payee's receipt was attached to the bill and that he would not have admitted it in audit if there was no payee's receipt attached to it at the time of audit. No conclusion can be drawn on this statement in the face of the firm's reminders for the balance outstanding in their account.

21. Among the bills included in cheque No 745 in which Perumal Chetty's bills also is included, there are two bills for Rs 4-13-8 and 6-15-7 respectively due to contractor Balappa and Venkataswami for constructing drains in Thotadani Galli and Hosapedy in Dodmavally Payee's receipts have not been furnished for these and our auditors have noted the objection on the bill This matter was reserved by the Vice President for separate enquiry as the enquiry in regard to the payment due to Messrs Perumall Chetty and Sons was considered immediately according to the President's orders

Sd/- V A. Rangaahar,

10th February 1915

" C o p y "

Honorary President.

D 5268/ml 223-14-2

It is requested that in future communications on the subject the No and date of this letter and the distinguishing letters below the number as given opposite may be quoted and addressed to the Comptroller Mysore Government

No R. 321

Enc. one file.

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 16th February 1915

FROM

M.N.Krishna Rao, Esq., B.A.,
~~XXXX

Rec —Gl 17]

Department

1915

FROM

J S CHAKRAVARTI, ESQ, MA,
FRAS, etc,
Comptroller to the Govt of
H H the Maharaja of Mysore

To

ESQ,

Secretary to the Govt of Mysore,
Dept

Dated

Despatched 22-[illegible]-15

Received

No
22

Subject matter

Forwards copy of a report on Mr. M. A. Ranganathan re a case of bank defalcation within a very short time of his joining the Mysore Office

GPB —1,500—21 9-11

Enc to ML 223-14-2 45

Copy of D.C. No. 24 (Confidential) dated 13th February 1915 from the Comptroller to the Government of Mysore, to Rajasabha Bhushana Dewan Bahadur K. P. Puttanna Chetty Esq., Bangalore.

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I send herewith for your information the report of Mr M.A. Rangachar Offg. Assistant Comptroller on the result of the investigation conducted by him with Mr Subba Rao, Vice-Presiden and Health Officer in the Municipal Office in accordance with your D.O. of 2nd February 1915.

From what is stated in it it is clear that the amount of Messrs. Perumall Chetty & Sons' bill has been misappropriated and the evidence points to the Head Accountant Ramiah being the person responsible for the misappropriation

The system of charging off as final expenditure amounts drawn on cheques and undisbursed to the parties is defective The amount of cheques drawn in favour of the drawing officer should be brought on the receipt side of the Cash Book and the disbursements therefrom recorded on the payment side It is only when cash transactions are thus recorded that the President and Vice-President can verify the correctness of the cash balanc on hand by actual counting and agree it with the Book balance The system of charging off amounts actually in balance and the absence of any verification of cash balance have rendered the commission of the fraud in question possible

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Akalankrishnam

Superintendent,
Re Section, Comptroller's Office

Enc to Mil 223-14-2 140

Report on the investigation in the Municipal Office.

In accordance with the Comptrollers Mio. to the President of the Bangalore City Municipality, I went to the Municipal Office on the 3rd instant to see what the matter was in regard to which my assistance was required. Mr. Subba Rao, Health Officer and Vice-President explained to me the case briefly and gave me the file of papers relating to the case.

2. The facts of the case were as under.-----

About the middle of June 1913 Messrs. V. Perumall Chetty and Sons, Madras, supplied to the Municipality 500 file boards in accordance with an order placed with them and sent a bill on 15th June 1913 for Rs 48--3--0. The receipt of the file boards was acknowledged by the office on the bill and the Head Accountant Mr C. Ramiah certified to the accuracy of the rates charged On the 24th June 1913, the Vice-President Mr Ranoji Rao recorded the "pay" order on the bill, and the President passed it for payment For this amount a cheque, No 745/25 dated 24th June 1913 (Book No 8) was drawn on the same date. The amount of this

cheque

Enc to Nil 223-14-2 146

Report on the investigation in the Municipal Office.

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cheque

cheque was Rs 68-4-8 as it included besides this item 8 other items of expenditure including Railway charge of Rs. 1-15-0 on the parcel. The cheque was drawn in favour of the Vice-President who endorsed it over to peon Abdul Razak, and it was cashed at the Bangalore District Treasury on 25th June 1915.

3. On 21st November 1915 Messrs. Perumall Chetty and Sons wrote to the Vice-President that their bill of 15th June 1915 for Rs 48-3-0 remained unpaid and demanded early adjustment of the account. This letter was referred by Mr Ramoji Rao to the Head Accountant for explaining delay On 11th September 1914 and 8th October 1914 two other reminders were sent by the firm for the same bill which were also referred to the Head Accountant by Mr C.Venkoba Rao who had then succeeded Mr. Ramoji Rao as Vice-President, On these letters also the Vice-President called for explanation of delay in payment As none of these reminders went back to the Vice-President with any reply from the Head Accountant, Mr Venkat Rao called for them and, to make himself sure of the matter, he addressed the firm confidentially and got their reply of 25th December 1914 to the effect that no payment had by any means been received by them in settlement of

their

their bill of 13th June 1913. On 21st January 1915 Mr. Venkat Rao called for a written explanation from the Head Accountant as to why the payment was not made and what became of the amount of the bill, but no explanation was furnished to him. Mr. Venkat Rao then reported the matter to the President, and the Head Accountant's explanation to the President dated 30th January 1915 was to the following effect.

1. that all cheques drawn in favour of the Vice-President were cashed by the Shroff who disbursed the amounts of the bills included in the cheque amount.

2. that the particular cheque under reference was not entered in the Shroff's book and the Head Accountant was not, therefore, able to say what was done with it.

3. that he forgot to have the amount sent by Money Order owing to pressure of work in connection with June accounts and then with the audit of the accounts.

4. that the reminders were received by him and given to his assistant Srinivasiah who kept them in his drawer and suddenly stayed away on leave

5. that he was, therefore, unable to say why and by whom the bill amount was kept back

It was apparently on this explanation that the President wanted an investigation to be conducted with the assistance of an Assistant Comptroll -

4 After studying these facts from the records placed before me, I asked Mr. Subba Rao, if there were

Regist

registers or accounts relating to the case. He said there was a cash book which was then called for from the Accountant and given to me. As explained below in detail the cash book was the only register maintained. There was nothing in this register which could lead me to any further investigation by reference to the accounts. I, therefore, returned the book and asked Mr. Subba Rao to keep it also in his custody which he did.

8 Under the system of accounts which existed in 1912-13 all bills received in the Vice-President's Office were checked by the Head Accountant and submitted to the President through the Vice-President for being passed for payment The Head Accountant then prepared cheques for the amount of the bills and after obtaining the signature of the President handed them over to the parties concerned, taking their acknowledgment on the office copy of the cheque book counterfoil In cases where a single cheque was drawn for a number of petty payments to be made in the office, it was drawn in favour of the Vice-President and cashed by the Head Accountant through one of the peons of the office. There was no record of sums thus realised and brought to the office, and whether these bills

were

were paid or not to the parties from these realisations All cheques issued including those drawn in favour of the office, were charged in the cash book as final payments. No separate record was kept either of unpaid cheques or of amounts of cheques cashed by the office and also of payments made in the office out of such amounts. There was therefore, no record to show the cash balance which at any time remained with the office Though there was an imprest for the Vice-President's Office it was seldom utilised for any purpose whatever even of a contingent nature. The imprest amount remained with the Vice-President under his lock and key and transferred only when there was a change of incumbents

6. From the above, it may be observed that in regard to the particular transaction under investigation viz , the payment due to Messrs Perumall Chetty and Sons, on account of file boards supplied, there was no record in the accounts excepting the entry in the details of the bills shown in the cash book as included in cheque No 745 charged off on 24th June 1913, and in the office copy of the cheque book e counterfoil There was thus no means of ascertaining from the accounts what became of the amount included in the

cheque

cheque and brought to the office on this account, who received it and who is responsible for not paying it to the firm in settlement of its claim. I, therefore, examined in the presence of Mr. Subba Rao, Mr. Ramiah the Head Accountant, Shamachar, the Assistant Accountant, Ramanna, the Shroff and peon Abdul Razak I also referred to Mr. Ramaji Rao, Vice-President during 1912-1913 in regard to the details of office procedure during his time.

7. The peon who was examined first said that it was the Head Accountant who usually gave him cheques for encashment at the treasury and that he always handed over the money brought from the treasury to the Head Accountant He gave no acknowledgment to the Head Accountant for cheques received by him for encashment and therefore took no acknowledgment for moneys given to the Head Accountant The Head Accountant disbursed all moneys received by him and he did not know what the Head Accountant did of the undisbursed balance

8. The Head Accountant was next examined and he explained that it was usual to combine items less than Rs10 in one cheque Since 1914 cheques drawn in favour of the Vice-President are endorsed in favour of the Shroff who

cashes

cashes them and pays to the parties concerned. Previous to 1914 they used to be encashed by peons in whose favour they were endorsed. and he received all money from the treasury, and after disbursing the amounts due to the parties present, he sent the unpaid balance to the Shroff's custody without taking any acknowledgment and without noting this transfer of money in any register. The amount of the unpaid bills always represented the amounts sent to the Shroff for custody.

9. This version was subsequently denied in Mr. Subba Rao's examination on 8th February 1915 when he took depositions from the officials before two Municipal Councillors nominated by the President for conducting the enquiry. It was then said that cheques were endorsed during 1913 in favour of Shroff or peons according as whoever was available. The Head Accountant to whom money was brought by the Shroff or the peon as the case might be, disbursed amounts to parties and obtained Payee's receipts. If parties were absent money was taken by Shroff and subsequent payments made under his instructions communicated to the Shroff after obtaining payee's receipts He had, therefore, no money left with h'

10. Payments outside Bangalore were made by money order. The Postal receipt

and

and payee's acknowledgment were filled with the bills concerned.

11. Bills after being passed were for sometime kept separate from the bundle of paid bills. After payee's receipts were available they were all arranged, numbered and bundled up by his Assistant At the end of the month, all bills whether paid or unpaid were bundled together and no separate note was kept of unpaid bills or bills for which payee's receipts had not been taken

12. The Assistant Accountant Shamachar who was next examined was not prepared to admit even what the Head Accountant accepted as part of his duties and said that all cheques were invariably endorsed in favour of and encashed by the Shroff, that money was never brought to the Head Accountant after encashment of cheque, and that all moneys were disbursed by the Shroff who maintained a rough register showing the details of money received and paid by him. There was nothing in the accounts branch to show what amount the Shroff had with him Like the Head Accountant this man also subsequently changed his story when questioned by Mr Subba Rao on the 8th and said that cash was brought to the Head Accountant if cheques were cashed by peons and that Head Accountant disbursed money paid to him and sent unpaid balance to Shroff

13. The Shreff made a clean statement so far as it related to him. He said that at the period under inquiry he belonged only to the Collector's Office and not to that of the Vice-President He had, therefore, nothing to do with the Vice-President's Office money; and amounts of cheques rarely ever endorsed in his favour and cashed by him on behalf of the Vice-President's Office were made over to the Head Accountant. In support of this statement he showed me his cash book which did not contain any entries relating to transactions not pertaining to the Collector's Office He never received any amount from the Head Accountart for safe custody or subsequent disbursement Since 1st September 1913, however, he has been cashing cheques for Vice-President office according to orders passed by Mr. Ranoji Rao, and maintains a book showing credits and debits on this account I saw the register and showed it to Mr. Ranoji Rao who also indentified it as the one which he got opened.

14. From the depositions detailed above, it will be seen that both the Head Accountant and his assitant do not deny that the Head Accountant used to handle money at least at the time under enquiry Both of them have deposed to the effect that when cheques were cashed by peons, the money was brought to the Head Accountant and he made payments in the office out of the

the money. Peon Abdul Razak has also said that whenever cheques were cashed by him he always took the money to the Head Accountant. The Head Accountant and his assistant say that cases of cheques cashed by peons were very rare As a matter of fact, however, I have seen from the file of paid cheques for June 1913 kept in this office that all cheques, there are 9 of them---drawn in favour of the Vice-President were cashed by one or other of the peons of the Vice-President's office. As out of 9 cheques cashed in June, four have been cashed by Abdul Razak his disposition is entitled to some credence. Mr. Ranoji Rao also certifies to this fact.

15. The story that it was the Shroff who always cashed cheques as deposed by the Head Accountant and his assitant is not, therefore, consistent with the facts mentioned above. It may also be disproved from the records It has already been stated that the Shroff's account does not show any transactions relating to the Vice-President's Office The file of cheques in this office points to the fact that all cheque of the Collector's Office have been endorsed and cashed by the Shroff There were five such cheques in June 1913 and it is only these that have been entered in the Shroff's register If it was true the , as stated by the Head Accountant, he also invariably

cashed

cashed cheques belonging to the Vice-President's Office, it could not be that the whole file of cheques for one month should not contain one cheque of the Vice-President's Office cashed by Shroff while all cheques of the Collector's Office have been endorsed in favour of and cashed by the Shroff in the usual course. The Shroff's statement that he had nothing to do with the Vice-President's Office cheques before 1st September 1913 is therefore, perfectly true and is also supported by Mr. Ranoji Rao Mr. Ranoji Rao says that a book was prescribed by him with a view to note all the cheques drawn in his favour and cashed by the office But it was not opened by the Head Accountant in spite of repeated orders and that he had, therefore, to have it opened by the Shroff from 1st September 1913 in which all cheques of the Vice-President to be cashed by him were noted Mr. Ranoji Rao says that before this date the Shroff had nothing to do with the encashment of the Vice-President's cheques It is, therefore, clear that during June 1913 cheques of the Vice-President's Office were not cashed by the Shroff but by the peons of that office and that the Head Accountant received all amounts of such cheques

16. That the Head Accountant was responsible for the disbursement of the sums drawn by him is clear from the

nature

nature of his duties. He checked all bills and prepared cheques for President's signature. After signature he handed them over to the parties concerned in the case of cheques ~~down~~ drawn in their favour and encashed cheques, drawn in favour of the Vice-President for the payment of the bills included in such cheques The Hea Accountant and his assistant admits this and Mr. Ranoji Rao certifies to the fact I have also seen that some items included in cheque No. 745 of 24th June 1913 ~~xx~~ have been paid by the Head Accountant, and there is documentary evidence in respect of at least one payment. It therefore follows that the Head Accountant was responsible for the disbursement of sums received by him.

17. It has been shown above that the Shroff's account shews no credits of any sums received by him on account of the Vice-President's Office and the Head Accountant has no record to produce in support of his statement that he used to send to Shroff all money that remained after disbursement Mr. Ranoji Rao says that he does not know that the balance if any was ever kept with the Shroff for safe custody and that he happened to know that the Head Accountant was personally disbursing moneys It is, therefore, evident that the Head Accountant is responsible

responsible for all sums received by him and all the balance left with him. That he had such balances with him is clear from the fact that some of the bills included in cheque No. 745 have been paid even before the cheque was issued and certainly prior to its encashment.

18. That the payment due to Messrs. Perumall Chetty and Sons has not been made till now is evident from the repeated reminders from the firm and its final letter of 25th December 1914 written confidentially to Mr Venkata Rao. It is also confirmed by the failure of the Head Accountant to produce the Postal receipt and party's acknowledgment, although the Head Accountant told me on 4th February 1915 that he would make a search and produce them to me. To add to this there is the fact that three successive reminders from the firm all referred by the Head of the Office t the Head Accountant to explain delay were shelved in without any attempt either in his own interest to see whether the original bill was or was not paid or to satisfy his official superior and answer his query.

19. It has been already shown that the Head Accountant received all sums of cheques cashed by the office and va

responsible

responsible for their disbursement and for any cash balance left with him. The responsibility for the non-payment of Messrs. Perumall Chetty's bill, therefore, rests entirely on him and he should make good the amount

20. It has to be noted in this connection that this bill has been admitted in audit by the auditors of this office, and there is a certificate on the bill to that effect. The bill in which is printed at the bottom the words "E & O.E. Contents received" was, it would appear mistaken for a final receipted voucher But K.V Narana Iyengar who was questioned by the Vice-President said that he did not remember at this distance of time if any payee's receipt was attached to the bill, and that he would not have admitted it in audit if there was no payee's receipt attached to it at the time of audit. No conclusion can be drawn on this statement in the face of the firms reminders for the balance outstanding in their account.

21. Among the bills included in cheque No. 745 in which Perumal Chetty's bills also is included there are two bills for Rs 4-13-8 and 6-15-7 respectively due to Contractor Balappa and Venkatasawmy for constructing drains in ----- Thotadani Galli and Hesabedy in Dod-

malawalli

Padmalavalli Payee's receipts have not been furnished for these and our auditors have noted the objection on the bill. This matter was reserved by the Vice-President for separate enquiry as the inquiry in regard to the payment due to Messrs. Perumahl Chetty & Sons was considered immediately according to the President's orders.

Sd/ E a Rangachar
Offg Assistant Comptr
13 2-15

SDV

S

IV

Proceedings of the Government of His Highness the Maharaja of Mysore

Read:-

Letter No. 252 dated the 19th February 1915 from the President, Bangalore City Municipal Council, submitting a preliminary report about the loss of Municipal money, i e, a sum of Rs 48-3-0 drawn on a cheque in June 1913 for payment to Messrs, Perumal Chetty and Sons of Madras, and stating that pending further orders he has placed under suspension Head Accountant, C. Pamiaya, who is believed to be responsible for it, and that a further report will be submitted to Government after the investigation of the case is completed

(2) Letter No F 321 dated the 16th February 1915 from the Offg Comptroller in Mysore, stating that at the request of the President, Bangalore City Municipal Council, he had sent Mr M.A Rangachar, Assistant Comptroller, to assist him in the investigation of the case referred to above and submitting copies of the Assistant Comptroller's report of the result of the investigation conducted and his D O letter of the 13th February 1915 to the Municipal President

by Mr A V Krau

Order thereon No 7043-4 / Mu 223-14-3
dated, Bangalore, 10th March 1915

The President's action in suspending Mr. C. Ramiaya, Head Accountant of the Municipal [redacted], until further orders is ap-

2. Government consider that a complete and careful audit of all the cheques drawn by either the President or Vice President in favour of himself or other officer of the Municipality during 1912-13 and 1913-14 with special reference to payee's receipts is desirable The Comptroller is accordingly requested to depute for the purpose an efficient auditor who has not previously audited the accounts of this Municipality and submit a report of the results of such audit at a very early date

3 The President is requested to afford all necessary facilities to the auditor in his work

4 The present system of charging off as final expenditure amounts drawn on cheques and undisbursed to the parties is defective The amount of cheques drawn in favour of the drawing officer should be brought on the receipt side of the Cash Book and the disbursements therefrom recorded on the payment side It is only when cash transactions are thus recorded that the President and Vice President can verify the correctness of the cash balance on hand by actual counting and check it with the book balance The system of charging off amounts actually in balance and the absence of any verification of cash balance have rendered the commission of the fraud in question possible The President is accordingly requested to issue forthwith necessary instructions in the matter

8. [illegible] Secretary to Government
Gen. & Rev. Deptt.

8 3 15

To.

The President, Bangalore Municipal Council, Bangalore.

The Comptroller to Government.

64

D 6024

Ml 223-14-4

No 288

Enclosure

OFFICE OF THE MUNICIPAL COUNCIL

Bangalore City, 23rd March 1915

From

DEWAN BAHADUR RAJA SABHA BHUSHANA
K P PUTTANNA CHETTY, ESQ,
Hony President, Municipal Council,
Bangalore City

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
General & Revenue Departments, Bangalore

SIR,

T

With reference to Government Proceedings No. 7043-4/Ml. 223-14-3 dated the 10th March 1915, approving the action taken in suspending C. Ramiah Head Accountant, of the Municipali office, I have the honor to state, for the information of Government, that Messrs. Perumall Chetty and Sons, Madras, having in their letter of the 14th March 1915, urged for payment of the sum of Rs 48-3-0 due to them on account of the 300 file boards supplied to this Municipality and referred to in my letter No. 252 dated the 19th February 1915, the amount was drawn out of Municipal Funds and remittance made to the Firm by postal money order, subject to future adjustment after final orders are passed in the case, this being a double payment.

I have the honor to be

Sir,

Your most obedient servant,

K P Puttanna

Honorary President.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Two drafts

(69)

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7867 994 15
ne 223-14-5

Dear Sir,

I am directed to invite your attention to para 2 of G O No 7043-4 ne 223-14-3 dated the 10th March 1915 requesting you to depute an efficient auditor who has not previously audited the accounts of the Bangalore City Municipality to scrutinize all the cheques drawn by either the President or Vice-President in favour of himself or other officers of the Municipality during 1912-13 & 1913-14 with special reference to payee's receipts.

I am to request that the work may be taken up & completed very early and the results reported to Govt ~~without delay~~ ~~as early as practicable~~ ~~[illegible]~~ in detail.

Yours Ms

Bahadur,
S. Chakravarti
Comptroller

ne 7.8.15

Abs
Bys 2/4/15

G R S 26

Two drafts

69

6

Serial N

Diary No of letter replied to 6024

No 7873
Ml 223-14-6
9 4 15

General and Revenue Secretariat
(Municipal)
Dy, the 3 4. 1915

To
The President, Kurnegalle
City Municipal Council.

Date of issue 9 4 15

Signed by Mr A V Ramanathan

Sir,

With reference to your letter No 288 dated the 23rd March 1915 stating that Messrs Permal Chetty & Sons Madras, having urged for payment of the sum of Rs 48 30 due to him and referred to his D No 7043-4 Ml 223-14-3 Dy 16th March 1915, the amount has

T

over

SUBJECT

the remittance made from by postal money order subject to future adjustment after final orders are passed in the case, I am directed to state that Govt. approve of the action taken in the matter.

2) I am also to request you to be so good as to expedite the sub^n of the further report promised in your letter No. 252 dated the 19th Feb. 1915, regarding this irregularity, to enable Govt. to pass final orders, so that this report need not the result of the audit ordered in the 1st & 6 above referred to

I have &c.

List of enclosures,

Asst Secy to Govt.
5/4 5/4/15

Sir,

Copy forwarded to the Comptroller for information, with a request that the special audit directed in G.O.

Copied by

Examined by

GPB—25 000—8-8 11

68

D 6346

D/O No. 431

OFFICE OF THE COMPTROLLER
MYSORE GOVERNMENT

Bangalore dated 9th April 1915

My dear D'Souza,

Adverting to your D O of date I write to inform you that arrangements have been made for auditing the the accounts of the Bangalore City Municipality as directed in Government Order No 7043-4/Ml.223-14-3 dated 10th March last. A copy of the communication sent to the President is herein enclosed. The auditor will commence work from ~~tomorrow~~ the 10th instant

Yours sincerely,

Bhakiravath

P G D'Souza, Esq , B A , B L ,
Deputy Secretary to Government

GPB—2,000—23-6-14

C O 44—Rec 19]

Enc to hel 223-14-7

It is requested that in future communications on the subject the No and date of this letter and the distinguishing letters below the number as given opposite, may be quoted and addressed to the Comptroller Mysore Government Window delivery No 6 Bangalore

the communications.

No L. A. D. 238-9

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 9th April *191* 3

FORM

DIWAN BAHADUR J S CHAKRAVARTI, ESQ, M A,
F R A S, ETC,
Comptroller to the Government of
His Highness the Maharaja of Mysore

To

The Honorary Treasurer, , Esq,
Bangalore City Municipal Council
Bangalore.

SIR,

Adverting to Government Order No. 7743-4/31. 223-14 dated the 16th March 1913 ordering a complete and careful audit of all its cheques drawn by either the President or the Vice-President in favor of himself or other officers of the Municipality during 1912-13 and 1913-14 with special reference to payee's receipts, I have the honor to state that Mr. A. Raghunatha Rao Outside Auditor has been deputed for the purpose and to request that the required facilities are promptly given for the above audit.

2. The auditor will also be required to make out a list of all paid bills of the said two years 1912-13 & 1913-14 objected to in the course of the local audit for want of payee's receipts and ascertain whether payments have actually been made to the proper parties and why the receipts have not been filed with the bills.

I have the honor to be

S I R,

Your most obedient servant,

Sd J. S. Chakravarti
Comptroller.

Copy
Venkatanarasimhan
Inspector Comptroller's Office
Bangalore

D 6905

Ml 223-14-8

Comptroller's Office,

Bangalore, 4th May 1915

My dear D'Souza,

In continuation of my D O No 437 dated the 9th April 1915, informing you that arrangement has been made for auditing the cheques drawn in favor of the Vice President or other officer of the Bangalore City Municipality as directed in Government Order No 7043-4/Ml 223-14 dated the 10th March 1915, I forward herewith for information a copy of my letter No. 8133 dated 4th May 1915 addressed confidentially to the Honorary President requesting him to take necessary departmental action in respect of certain cases wherein the money drawn is found not to have been properly accounted for

Yours sincerely,

B Chakravarthi

P G D'Souza Esq , B A , B L ,

Deputy Secretary to the Government of Mysore,

Bangalore

4/5/15 SAM

Confidential

(7)

Enc to Ml 223-14-8

It is requested that in future communications on the subject the No. and date of this letter and the distinguishing letters below the number as given opposite may be quoted and addressed to the Comptroller, Mysore Government

No 8133
L.A.D.

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore, the 4th May 1916

FROM

Diwan Bahadur J. S. CHAKRAVARTI, Esq., M.A., F.R.A.S., etc.,
Comptroller to the Government of His Highness the Maharaja of Mysore

To

The Honorary President, Esq.,
City Municipal Council,
Bangalore.

SIR

Adverting to this office letter No.L.A.D.848 dated the 9th April 1915, deputing Mr. R. Raghunatha Rao to audit all the cheques drawn in 1912-13 and 1913-14 in favor of the Vice President or other officer of the Municipality with special reference to payees' receipts as ordered by Government in Government Order No.7043-4/Ml.223-14-3 dated 10th March 1915, I have the honor to forward herewith for information and necessary action, a statement of cases prepared by the auditor for the year 1912-13 wherein payees' receipts or other acknowledgments for the payment of money drawn are not forthcoming.

2. Out of the 16 cases entered in the statement, the facts recorded in respect of the first 3 cases go to show that the money drawn has apparently been misappropriated. It now remains for you to take needful departmental action in the matter.

3. As regards the remaining 13 cases needful action may also be kindly taken at a very early date by making enquiries from the payees concerned in order that before the audit is closed, the amounts actually drawn and not properly accounted for may be definitely known and reported to Government.

4.

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2. The audit is proceeding and as it progresses, the several items in which the payees' receipts are found wanting will be intimated to you in due course.

3. In the meantime and to expedite matters the auditor will report to you the several cases in which enquiries regarding the disposal of money drawn from the Treasury may be necessary and I request that the facilities may be given to him to finish the audit work at a very early date.

I have the honor to be,

Sir,

Your most obedient servant,

(sd). J. S. Chakravarti,

Comptroller.

SAI.

" C o p y "

Assistant Examiner,
Records section.

Enc to Ml 223-14-D

Memo showing the details of the cases noted in the statement for which payee's receipts are not forthcoming.

Case I. Compensation amount of Rs. 72--7--3.

A portion of vacant site No. 333/151 IInd Division near Tholasithotam belonging to Mr A.V.Varadacharlu of Mysore was acquired by the Municipality and the owner wrote from Mysore on the 22nd May 1913 to the Municipal Vice-President that out of the compensation amount due to him, the municipal tax due for 1911-12 and 1912-13 may be deducted and the balance remitted to him The municipal tax due was ascertained to be Rs. 52-14-6. Then the award statement was prepared on 30th June 1913 for a sum of Rs. 72--7--3 of which Rs. 19-8-9 was shewn as due to him after deducting the Municipal tax. It was passed for payment on 30th June 1913 and the amount was included in cheque No. 71/791 dated 30th June 1913 for Rs. 111-0-0 in the name of the Vice-President Mr. Ranoji Rau. The cheque was endorsed in favour of Shanbogue Narasinga Rao and cashed at the Bangalore District Treasury on 5th July 1913. The amount received was not brought on the petty cash book maintained by the shroff.

Out of this sum of Rs 72-7-3 Rs. 52-14-6 was brought on the Shanbog's Khiridi of the II Division under date

/30th June '13

30th June 1913 and it was also brought on the shroff's Municipal cash book on 30th June 1913 (included in item No 102 for Rs. 97-6-11) that amount was actually remitted to Treasury on 5th July 1913 when the cheque was cashed.

So the ~~said~~ sum tax due by ~~him~~ Mr Varadachar was adjusted out of his compensation amount and for the payment of the balance of Rs. 19-8-9 the payees' receipt was not forthcoming. At the instance of the auditor, a D.O was written to the party by the Vice-President in No. 580 dated 27th April 1915 enquiring if he has received any sum on account of compensation. The gentleman replied on 28th April 1915, that he has not been paid any amount until now though he has been writing for it several times.

So the sum of Rs. 19-8-9 drawn from the Treasury on 5th July 1913 through Shanbogue Narasinga Rao has apparently been kept out of account.

Case II.

The store-keeper K. Venkataramaniyengar submitted a memo dated 11th April 1913 for the payment of one rupee incurred for pitching up the tent in the ~~Municipal~~ President's compound and flooring the same with grass etc, It was forwarded by the Municipal Engineer to the President's office requesting sanction for meeting the charge and paying the same from Imprest. The was passed instead for payment on 26th April

April 1913 and the amount was drawn from Treasury on the same day in cheque No. 64 dated 26th April 1913 for 113-4-

On 28th June 1913 the store-keeper drew attention to his memo of 11th April 1913 and requested payment of the said one rupee and on the 2nd memo being forwarded to the Vice-President by the Engineer, the Vice-President ordered on 15th July 1913 that "the amount may be paid from Imprest and recouped in the usual course" Accordingly it was paid from Imprest on 21st July 1913 and the payee's receipt obtained and the Imprest recouped on 25th August 1913 in cheque No. 13 dated 22nd August 1913. It is seen from the above that Re. 1/- drawn on 26th April 1913 has been misappropriated.

Case III.

With his letter No. 1 dated 22nd July 1913 the Superintendent of Stationery, Bangalore, forwarded in duplicate a bill for Rs. 11-6-8 being the cost of Typewriting paper etc., supplied and this letter was registered in the Municipal Office, as No. 155/24th July 1913 but it is not now forthcoming. The bill for Rs. 11-6-8 dated 22nd July 1916 was passed by the President on 26th July 1913 for payment in cash and the amount was drawn the same day in cheque No. 60 dated 26th July 1913 for 86-14-8 in the name of the Vice-President.

"I asked the President to Countersign it and sent it to Complaints for submission —

~~It~~ The cheque was cashed by the Parpatheyar D.S. Nagappa and ~~it~~ the amount was not brought on the petty cash book maintained by the shroff. No reference is forthcoming of either the amount having been remitted to Treasury for credit to Stationery as is usually done in all other such cases, or of its having been sent in cash to the office of the Superintendent, Stationery. ~~And it is understood that the item is still hanging in the books of the Stationery Office, so the money drawn seems to have been misappropriated.~~ From a reference to the delivery book of the Municipal Office it will be observed that the paper was referred to the ~~Head~~ Head Accountant. Mr. C. Ramiah.

The claim is understood to have been outstanding in the books of the Stationery Office. The original letter from the Superintendent and the duplicate copy of the bill are not also available

Case 4 to 8. 5 Bills of Higginbotham & Co.

1	Bill No. 124 dated 14-3-1913	0--8-0
2	Bill No. 171 dated 19--3-1913	2--4-0
3.	Bill No. 153 dated 30th May 1913	4--8-0
4	Bill No. 39 dated 17--9-13	2--4-0
5.	Bill No. 95 dated 20-10-13	3--0-0

The amount of the first 3 bills is Rs. 7-4-0 This sum was drawn from Treasury on 12th April 1913 and 2nd June 1913 in cheque Nos 94 dated 22nd March 1913 and 45 dated 2nd June 1913 issued in favour of the Vice-President. The first cheque was cashed by Peon Abdul Sattar and the second by Peon Abdul Razack for the payment of these 3 bills the payee's receipt is not forthcoming. From a reference to

the

the 'From' Register it is seen that letter B/A dated 22nd July 1913 (registered No. 174/28th July 1913 of the Municipal Office) was written by the firm requesting to settle their dues of Rs. 7--4--0 at a very early date as the same was pending over long. The letter is not forthcoming in the Municipal Office. In the delivery book, an entry is made that the letter was referred to the Head Accountant. There is no further reference produced to show that the payment was made. The matter seems serious in the light of the above reference and it requires investigation.

The other two bills of the firm 4 and 5 for Rs. 2-4/- and 3/- respectively passed for payment on 25th September 1913 and 21st October 1913 were drawn in cheque Nos 20 dated 26th September 1913 for Rs. 143-7-10 & 16 dated 1st November 1913 for Rs. 1,135--7--3. The two cheques were cashed by the Shroff Ramiah, who has taken the amount in the petty cash books since maintained for the cheques drawn in favour of Vice President, under date 15th November 1913, the 4th bill amount of Rs. 2-4-0 was charged in the above cash book as Type Ribbon ~~for both~~ vouch To whom the money was paid is not known, ~~and~~ the receipt of the firm is not forthcoming. As regards the 5th bill for Rs 3/- how the amount has been disposed of is not traceable At any rate payees' receipt is not forthcoming.

This is correct as this change effected since 1st July 1913

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Case No. 9.

In the same cheque in which the compensation amount referred to in case 1 was drawn, Rs. 7-4-0 was included for payment to M. Muniswamy & Sons, Florists and Seedsmen. His bill No. 96 was dated 30th June 1913 and the Vice-President has ordered 'to pay' under dated 4th July 1913. The amount of the bill, though passed for payment on 30th June 1913, was drawn on 5th July 1913. And as such the bill cannot be taken by itself as a receipt, and for payment of the amount, a separate receipt is necessary which is not forthcoming. The matter requires investigation.

Case. 10. Bill No. 328 dated 27th September 1913 from the Proprietor Town Press, Bangalore City for Rs. 6-12-0 and referred to Head Accountant by the Vice-President on 30th September 1913 was passed for payment on 2nd October 1913. It was drawn from Treasury on 4th October 1913 in cheque No. 45 dated 4th October 1913 for Rs. 245--0--9 in the name of the Vice-President The cheque was cashed by Shroff Ramiah who has brought the amount on the petty cash book since maintained. Payee's receipt is not forthcoming. In the petty cash book, however the amount was charged off under date 16th December 1913 as paid to Ramiah.

This matter requires investigation.

Case 11, 12 & 13.

Payment of Rs. 9-10-0 to Contractor B.G. Pathiannah & Bros

Bill No. 18 dated 12th February 1913 for Rs. 3-8-0 was passed for payment on 12th February 1913 and the amount was drawn from Treasury on 13th February 1913 in cheque No. 28 dated 12th February 1913 for Rs. 163-6-0 issued in favour of Vice-President and endorsed to Peon Abdul Sathar.

Bill No. 52 dated 6th May 1913 for Rs. 2-4-0 was passed for payment on 16th May 1913 and the amount was drawn from Treasury on 17th May 1913

cheque

cheque No. 22 dated 17th May 1913 for Rs 120-6-2 issued in favour of Vice-President and endorsed to Parpathyan Nagappa.

Bill No. 24 dated 1st October 1913 for Rs. 3-14-0 was passed for payment on 18th October 1913 and the money drawn from Treasury on 25th October 1913 in cheque No. 96 dated 24th October 1913 for 119-13-5 issued in favour of Vice-President and endorsed to Shroff Ramiah.

In all these cases, the payees receipts are not forthcoming. The last amount viz., 3-14-0 was however brought on the petty cash book ~~since maintained~~ and charged on 25th October 1913 as paid to Pathiappa, but no signature has been taken in token of its receipt.

The matter requires investigation.

Case. 14. A bill dated 1st November 1912 from the Proprietor Kasim-Ul-Akbar for the advertising charge for the month of October 1912 for Rs 12-8-0 was passed for payment on 6th November 1912 The amount was drawn in cheque No 22 dated 6th November 1912 for Rs. 68/- issued in favour of the Vice-President The cheque was cashed by peon Abdul Razakh on 7th November 1912. The amount was not brought on the petty cash book of the shroff. For the payment

payment of Rs. 12-8-0 the bill cannot be taken as a receipt, as it was dated 1st November 1912, as the payee of the Vice-president ordered "Head Accountant pay" dated 5th November 1912 and as the bill was passed for payment on 6th November 1912. A separate receipt is necessary as evidence of payment and of which is not forthcoming. There is no other record produced to show that the payment was made. In all other cases, where such bills were paid by the cheques were issued in favour of the Proprietor himself. There was also a departure in this case. The matter requires investigation.

As already stated there was no register or other record in the office to show the receipt and disbursements of the cheques drawn in favour of Vice-Presidents until September 1913 on which date, a book was opened.

Case 15. Bill of B. A. Rahiman & Co., for 0--12--0 No. 12 dated 31st January 913 was submitted to the President by the Health Officer on 11th February 1913 and passed for payment on 12th February 1913. The amount was drawn from Treasury in cheque No. 28 dated 12th February 1913 for Rs. 163-6- issued in favour of the Vice-President and endorsed to peon Abdul Sathar. The receipt of the party is not forthcoming. In the bill book of the Health

Department

Department in which this bill has been entered (no. 188) there is no further entry to show when and how the payment was made. This matter requires investigation.

Case 16. Payment of 9-8-0

A bill of the cost of firewood etc., supplied for taking the steam road-roller to the Residency and bringing it back to the Engine shed dated 18th November 1912 and signed by the Overseer, maistry and contractor Chennarayappa without the Engineer's signature was passed for payment on 23 December 1912 and the amount was drawn from Treasury on 23rd December 1912 in cheque No. 15 dated 23rd December 1912 for Rs. 178-13-5 issued in favour of Mr. Rangi Rao and endorsed to Stores-keeper Venkatramiah. The receipt of the party is not forthcoming. In the Bill register kept by the Engineering Department, this bill has not been entered. The matter requires investigation.

3 5 1915 (sd) R Rajunathan Rao,
Auditor.

SDV "Copy"

[illegible]
Engineer & AD

Defalcations in Bangalore City Municipality (83)

R. S 26]

Cir. 237-14

y No of letter replied to 6405

237-14 — File No 223-14

S ~~223-14~~ Serial No 9

No 8967 and 223-14-9 9/14.5.15

General and Revenue Secretariat (Municipal)

, the 7. 5. 1915

To

The President, Bangalore Municipal Council

Date of issue 14.5.15

Signed by Wra V Ramachandra Rao

Sir,

In continuation of this Office letter no 7873 Mel 223-14-6 dated the 9th April, 1915 about the irregularities noticed in respect of cheque drawn on the 24th June 1913 in favour of the Vice-President, I am directed to state that the Comptroller has since forwarded to the Govt for information Copy

over

S

SUBJECT

S Murthy

57

of his letter No. 3133/E.A.B. of the 6th May 1915 to your address urging the necessity for prompt departmental action in respect of certain other cases of 1912-1913 in which proper receipts are wanting, and to request that you will be so good as to conduct a thorough investigation in each of these cases so as to fix the responsibility on the officials or officers concerned and also to gauge the extent of actual loss that has accrued to the Municipality in connection therewith.

2) I am to request that detailed report with records, if any, may be submitted to Govt. from time to time during the investigation in each case is completed.

I have the

13/5/15

List of enclosures

Copied by

Examined by

Ans
G/S for Offg. Secy
C.S. G/S

GPB—25 000—8-8-11

D/311

It is requested that in future communications on this subject, the No and date of this letter and the distinguishing letters below the number as given opposite may be quoted and addressed to the Comptroller Mysore Government

the communications

No 2567
L.M.S. 186

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore the September 1915

FROM
Diwan Bahadur
J S CHAKRAVARTI, Esq, MA,
FRAS, etc,
Comptroller to the Government of
His Highness the Maharaja of Mysore

To

V R. Rayagaraj Iyer Esq, M A.,
Secretary to the Government of Mysore,
Revenue *Department*

SIR,

Adverting to para 2 of Government Order No. 7043-4/M1.223-14-3 dated the 10th March 1915, ordering the special audit of all the cheques drawn by either the President or the Vice President, in favor of himself or other officers of the Bangalore City Municipality during 1912-13 and 1913-14 with special reference to payees' receipts, I have the honor to forward herewith the report with accompaniments embodying the result of the audit conducted by the auditor R. Raghunatha Rao under the special supervision of Mr. B Srinivasa Iyengar, Assistant Comptroller and to state as follows -

1. The irregularities noticed in the audit of the accounts were communicated to the Honorable President Bangalore City Municipality for necessary departmental action and report of the action taken by him in the matter is awaited.

2 These several irregularities were due, not to any defect in the existing rules or account procedure, but simply to laxity on the part of the several officers in whose favor the cheques were drawn, in their not [illegible] to the proper disposal of the money drawn from Treasury.

3. [illegible] account showing the disposal of all cheques cashed and money [illegible] Municipal office was maintained in the Bangalore

City

4[10]

G R S 26]

5 + 237/Ur

UBJECT Irregularities committed by Head Accountant C. Ramaiah and Sheriff Rajaiah of the Bangalore City Municipality

Diary No of letter replied to 1311

Section Ml.
File No 223-14
Serial No 11

General and Revenue Secretariat
(Municl.)
D, the 5. 10 1915

Income
No 3005
Ml 223-14-11
Dt 23.10.15

Date of issue 13 10 15

Signed by Mr A V Ramanathan

To
The President, Bangalore City Municl. Council

Sir,

In continuation of this office letter No 8967/Ml 223.14-9 dated the 14th May 1915, I am directed to state that the Comptroller has since submitted to Govt a report of the results of the special audit conducted by the Auditor R Raghunath

over

Rao under his special supervision of Mr. B. Sreenivasaraja, Asst. Comptroller, and that it is from his report that various irregularities amounting to misappropriation of public funds appear to have been committed in respect of about 17 items of money aggregating Rs 163-12-3 and that the persons chiefly responsible are the Head Accountant C. Ramiah and Sheriff Ramiah. A list of these items is appended

2) I am to request that you will be so good as to submit a report as of the action taken upon in respect of these irregular items to indicate the scale on which irregularity and departmental investigation about these irregularities may be expected to be completed

I have

List of enclosures.

Copied by

Examined by

7/10/15

Appendix

[Here enter the 19 items detailed in the Auditors' report - pages 2, 3 & 4]

90

B M 109]

D 3897
ml 223-14-12

OFFICE OF THE PRESIDENT,
MUNICIPAL COUNCIL,
BANGALORE CITY, DATED 27-4- 1916

FROM

DEWAN BAHADUR RAJA SABHA BHUSHANA
K P PUTTANNA CHETTY, ESQ,
Honorary President, Municipal Council,
Bangalore City

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
~~Finance~~ Revenue Department,
Bangalore

~~SIR,~~ Sir,

With reference to Government Order No 7043-4/ml 223-14-3 dated 10th March 1915 approving of the suspension of Mr C Ramayya, Head Accountant of the City Municipality, on account of irregularities connected with the non-payment of Rs 48-3-0 due to Messrs V Perumal Chetty and Sons of Madras, drawn during the year 1912-1, and directing that a complete and careful audit of all the cheques drawn by either the President or Vice President in favour of himself or other officer of the Municipality during the years 1912-13 and 1913-14 be made, I have the honor to state that the Auditor deputed by the Comptroller for this work submitted, between 4th March 1915 and 13th June 1915, lists shewing 68 cases that required investigation After obtaining Mr C. Ramayya's explanation on these cases, I appointed a Committee of Justice

IV Pr
29/4

GPB—2,000—4-6-15

1915—16

From The Honorary President
Municipal Council
Bangalore city

To The Secretary to the
Government of Mysore
Revenue Department
Bangalore.

Dated 29th } April 1916
Despatched 29th }
Received

General No 323.
No

Enclosure No. 3 packets
1 Copy marked Confidential

Submitting a report of the Sub Committee being the result of the enquiry instituted regarding the irregularities traced against the Head Accountant C Ramaiya.

Vice President
Narasimhengar
Usman Khan
Siddaveerappa

consisting of the marginally noted members to thoroughly investigate the irregularities noted by the Auditor The Committee met on numerous occasions and examined the cases A copy of their final report dated 10-4-1916 on these cases as well as on 4 fresh cases that came to light during the course of the investigation, together with the marginally noted records, are submitted for the information and orders of Government

2 case file with phareist
2 books of Ramayya's explanation
1 file shewing auditor's objections
3 Shroff's cash books
1 Stamp Register
1 Shroff's acknowledgement book
1 Health Office Delivery book
1 Mis 'TO' Register for 1910-11 Vol.3
1 Leave Register of C Ramayya

2 The Committee's report goes to show that out of the sum of Rs 662-4-10 involved in the preceding 72 cases, the several parties concerned acknowledge payment or there is every reason to presume payment in 55 cases involving Rs 407-0-3 In 7 cases involving Rs 23-12-8 the Committee, on account of the nature of the cases, believe that the transactions cannot be presumed to be fictitious and recommend that payment in good time should be presumed to have been made. Of the remaining 10 cases involving Rs 231-7-11 the Committee recommend that Head Accountant Ramayya should be called on to make good the Rs 223-3-11 involved in 7 cases and Shroff Ramayya the sum of Rs 8-4-0 involved in three cases

3 The reasons which have led the Committee to fix the responsibility of making good the money on these persons and the circumstances under which even in apparently obvious cases a verdict of defalcation could not be given, are exhaustively dealt with in the report and need not be enumerated here I would only say that I generally agree with the findings of the Committee which has gone into the

matter

matter thoroughly and after mature deliberation recorded careful and well considered finding in each case Every circumstance for and against has been given due consideration by the Committee

4 As recorded in the concluding para of the Report, C Ramayya has been found guilty of gross irregularities and even misapplication of public funds in a comparatively short space of time and in a very large number of cases He has proved himself unworthy of the position of trust held by him and should not, I think, be allowed to rejoin his post I would however, beg to bring to the notice of Government the long service of 24 years, 3 months and 26 days he has put in, as will be seen from the Service Register herewith submitted I cannot help thinking that the system in vogue had something to do with promoting irregularities r ther than the men concerned who, under some little supervision, would have found it hard to do as they liked

5 Under these circumstances, I request that Government may be pleased to pass orders compulsorily retiring Mr Ramayya on a pension of Rs 24/- per month to which he appears to be eligible He may be directed to make good the amount of Rs 223-3-11

I have the honor to be,

Sir,

Your most obedient servant,

B Bhattacharyya

Honorary President

C R G

R E P O R T

The firm of Messrs Penumal Chetty and Sons of Madras supplied to the Municipal Office (300) three hundered file boards valued at Rs 48-3-0 during June 1913 and a bill for the cost thereof was passed for payment on 24th June 1913 The amount was drawn along with other items on 25th June 1913, ~~and~~ but was not remitted to the firm Reminders were received by successive Vice Presidents till October 1914 when a reminder sent to his personal address aroused the suspicion of Mr C Venkata Rao who after assuring himself that the amount had been drawn from the Treasury on the 25th June 1913 and that it had not been remitted to the firm even till 25th Dec 1914 and not succeeding in getting any sort of explanation from the Head Account, laid the matter before the Hon President

Mr R. Subba Rao in charge Vice President
" S Venkataranga Iyengar
&
" B. Usman Khan, Municipal Councillors

In his order of the 5th Feb 1915, the Hon President appointed a Committee of the marginally noted gentlemen to investigate the question in detail and submit a report He also wrote to the Comptroller and secured the assistance of Mr W A Ranga Char, Assistant Comptroller, ~~During~~ During the course of the enquiry,

enquiry. The Committee commenced its sittings on the 6th February 1915 and on the 10th February 1915 submitted a joint report (also agreed to by Mr M A Ranga Char) that C Ramayya, the Head Accountant was responsible for the non-payment of the money, that there was circumstantial evidence justifying the Committees coming to that conclusion, that there was no direct evidence that would stand in a Court of law, and that therefore the Committee believed that it was a fit case for Departmental action

The Hon President agreed with the finding of the Committee and placing C Ramayya under suspension from the 11th Feb 1915 reported the matter to Government in his letter No 252 dated 19th Feb 1915

Mul 223 14-1

Government in their Order No 7043-4/ Ml 223-14-3 of 10th March 1915 approved of the action of the Hon President and directed that a complete and careful audit of all the cheques drawn by either the President or Vice President in favor of himself or other officer of the Municipality during 1912-13 and 1913-14 with special reference to payee's receipts, be made

The Comptroller accordingly deputed for this work, Mr R Raghunatha Rao, who between 4th May and 18th June 1915 submitted lists shewing 68 cases that required investigation After obtaining

The Vice President

C V Narasimha Iyengar,

R Usman Khan

G Siddaveerappa

obtaining C Ramayya's explanation on these cases, the Hon President in his memorandum of 16th July 1915 appointed a Committee consisting of the marginally noted members to investigate into the irregularities noted by the auditor. This Committee met on numerous occasions but considering the large number of cases and the voluminous records they had to get through it will probably not be surprising that there has been delay in submitting their report The investigation ~~into~~ of the 68 cases was completed by the end of November 1915 but the drafting of the report had to be deferred for some time as Mr Basava Radhya, the Vice President went on leave during the latter part of December 1915 and the acting Vice President, Mr Subba Rao was not familiar with the records The Committee, however, are not a little indebted to Mr Basava Radhya, a Judicial Officer of long standing, for his close examination and enquiry into the intricacies of each case During the course of enquiry into the preceding 68 cases, 4 additional cases came up for investigation and a report on each individual case has also been submitted

<u>Case 1</u> - The History of the case as detailed by the auditor is as follows -

"A portion of vacant site No 333/151, 2nd Division near Tulasitotam belonging to Mr A V Varada Char of Mysore

was

was acquired by the Municipality and the owner wrote from Mysore on the 22nd May 1913 to the Municipal Vice President that out of the compensation amount due to him, the Municipal tax for 1911-12 and 12-13 may be deducted and the balance remitted to him The Municipal tax due was ascertained to be Rs 52-14-6 Then the award statement was prepared on 30th June 1913 for a sum of Rs ---- 72-7-3, of which Rs 19-8-9 was shewn as due to him after deducting the Municipal tax It was passed for payment on 30th June 1913 and the amount was included in cheque No 79/791 dated 30th June 1913 for Rs 111-0-0 in the name of the Vice President, Mr Ranoji Rao The cheque was endorsed in favor of Shanbhogue Narasinga Rao and cashed at the Bangalore District Treasury on 5th July 1913 The amount received was not brought on the petty cash book maintained by the Shroff"

" Out of the sum of Rs 72-7-3, Rs --- 52-14-6 was brought on the Shanbhogue's Kirdi of the 2nd Division under date 30th June 1913 and it was also brought on the Shroff's Municipal Cash book on 30th June 1913 (included in item No 102 for Rs 97-6-11) and that amount was actually remitted to Treasury on 5th July 1913 when the cheque was cashed "

"So the Municipal tax due by Mr Varada Char was adjusted out of his compensation

compensation amount and for the payment of the balance of Rs 19-8-9, the payee' receipt was not forthcoming At the instance of the auditor, a D½O was written to the party by the Vice President in No. 580 dated 27th April 1915 enquiring if he has received any sum on account of compensation The gentleman replied on 28th April 1915, that he has not been paid any amount until now ---- though he had been writing for it several times "

"So the sum of Rs. 19-8-9 drawn from the Treasury on 25th July 1913 through Shanbhogue Narasing Rao has been apparently kept out of account" - Such is the history of the case as set forth by the auditor

The language used by Mr Varada Char in his letter of the 28th April 1915 is suggestive He says "I beg to say that I am not paid the amount until now thoug I have written for it several times Even now only a few days back, may be 20 days or so, when a man of mine went to the Office and wanted to know what has been done regarding balance of money due to me, he was told to apply to Vice President My man having other work could not stay there to institute further enquiries and came away Since I became quite disgusted with the whole affair, from the acquiring of my valuable land at one anna per square yard to the pay-

ment

payment of the remaining ~~pretty~~ paltry balance even after years, I had given up the matter with a curse "

This was followed by another letter dated 18th May 1915 acknowledging receipt of his dues through his agent, who had not communicated to him the fact of payment owing to domestic troubles Further enquiry on the part of the Vice President in his letter No. 2893 dated 20-5-15 failed to elicit the date or manner of payment and Mr Varada Char in his letter of the 16th August 1915 disclaimed knowledge of any other particulars

In his explanation dated 2nd July 1915 C Ramayya says "the amount was paid to the agent of the party at the party's desire The present objection is the out-come of tampering of records It is understood that the principal has acknowledged the receipt of the amount

The amount claimed by Mr Varadachar was available for payment on 5-7-13 C Ramayya, it will be seen, omits stating when the money was paid, what was the name of the agent and whether he obtained a receipt or not However, a receipt is not forthcoming We do not feel called upon to offer surmises on the circumstances of the non-existance of receipt, of the strong language used by Mr Varadachar in his letter of 28th April 1915 when addressing the Municipality

Municipality, of his sudden withdrawal of his claim when C Ramayya was known to be in trouble and of his obvious shyness and refusal to say any more on the subject In the absence of any claim being ~~passed~~ proved by Mr Varada Char or of any definite information from him as to the date of payment or of any records forthcoming in the Office throwing light on the subject, we are unable to definitly conclude that there has been either temporary or permanent misappropriation however strongly we may feel that Mr Varadachar is not dealing in a straightforward manner with the Municipality

Case 2 - The auditor states the case as follows -

"The Store-keeper K Venkataramiah submitted a memo dated 11th April 1913 for the payment of one rupee incurred for pitching up the tent in the President's compound and flooring the same with grass etc It was forwarded by the Municipal Engineer to the President Office requesting sanction for meeting the charge and paying the same from the Imprest The memo was passed instead for payment on 26th April 1913 and the amount was drawn from the Treasury on the same day included in cheque No 64 dated 26th April 1913 for Rs 113-4-0 "

"On 28th June 1913 the store-keeper drew attention to his memo of 11th April 1913 and requested payment of the said

Re 1

Re 1 and on the 2nd Memo being forwarded to the Vice President by the Engineer the Vice President ordered on 15th July 1913 that the amount may be paid from Imprest and recouped in the usual course Accordingly it was paid from Imprest on 21st July 1913 and the payee's receipt obtained and the Imprest recouped on 25th August 1913 in cheque No 13 dated 22nd August 1913 x x x x "

The Head Accountant explains the episode thus -

"Under orders of the Vice President, I purchased straw for Re 1 for flooring the tent and asked the store-keeper who usually incurs such expenditure to give me the bill On the bill given by him I drew the amount which I spent for the purpose On receipt of a reminder from the Municipal Engineer it was brought to notice that the Store-keeper had also incurred expenditure of Re 1 for pitching up tent etc under the orders of the Municipal Engineer A memo explaining clearly the facts of the case which were within the personal knowledge of the Vice President had been submitted to the Vice President and after obtaining orders, the Municipal Engineer was asked to meet the charge from his Impres I do not see the above memo in the connected file "

If C Ramayya's explanation was true the Store-keeper Venkatramaiya was aware

at

at the time of writing out the memo on 11th April 1913 that in addition to the Re 1 spent by him for pitching tent &c C Ramayya also had undergone a similar expenditure It is difficult to understand therefore why he sought sanction for payment for only one ruppe or why after the lapse of two months he merely drew attention to his original memo In the usual course, if two items of expenditure were being dealt with two bills should have been made out and a further pay order should not have been passed over a reminder Also the original memo of 11th April 1913 from the Municipal Engineer seeks only permission to meet the expenditure out of the Imprest That this has been included in a cheque and on a subsequent reminder on the subject the money has been ordered to be met out of the Engineer's imprest throws considerable suspicion on the transaction - specially as both papers have been dealt with by the same person viz C Ramayya We are unable to believe in the explanatory memo story said to have been submitted to the Vice President, for such an explanation would at most have taken 1/8th of a page and ¼ of a page of blank paper was available to the Head Accountant when the Engineer's memo dated 28th June 1913 reached his hands. There is also direct continuity of records

But

(9

But in spite of all the foregoing, it is impossible for us to believe that a responsible officer like the Vice President would pass an order for payment (out of Imprest) on a memo which alludes to a previous claim and is therefore purely a reminder, unless he was satisfied as to the manner of disposal of the original reference. There is nothing inherently impossible in there having been two items of expenditure incurred by two different persons and this fact having been within the knowledge of the Vice President at the time Since we cannot exclude such a possibility and as we believe that no useful purpose will be served by examining the then Vice President after this interval of time on such a petty item, we are unable to hold that there has been a deliberate act of misappropriation involved in the transaction

<u>Case 3</u> - The following is a summery of the case -

"With the letter No 1 dated 22nd July 1913 the Superintendent of Stationer Bangalore, forwarded in duplicate a bill for Rs 11-6-8 being the cost of typewriting paper &c supplied and requested the President to countersign it and send it to Comptroller for adjustment This letter was registered in the Municipal Office, as No 155/24th July 1913, but it is not now forthcoming The bill for Rs 11-6-8 dated 22nd July 1913 was passed

passed by the President on 26th July 1913 for payment in cash and the amount was drawn the same day and included in cheque No. 66 dated 26th July 1913 for Rs 86-14-8 issued in the name of the Vice President The cheque was cashed by the Parpathegar Nagappa and it was not brought on the petty cash book maintained by the Shroff No reference is forthcoming of either the amount having been remitted to Treasury for credit to stationery as is usually done in all other such cases, or of its having been sent in cash to the Office of the Superintendent, Stationery. The claim is understood to be outstanding in the books of the Stationery Office. The original letter from the Superintendent and the duplicate copy of the bill are ~~now~~ not also available From a reference to the delivery book of the Municipal Office, it will be observed that the paper was referred to the Head Accountant Mr C Ramayya

C. Ramayya's explanation runs thus -

"The amount drawn on 26-7-13 had to be paid in adjustment of a pressing demand of Rs 12-8-0 incurred for purchasing certain articles of stationery on the night of the 9th June 1913, while proceeding to Mysore on duty on that day There is no misappropriation and I have paid Rs 1-1-4 from my pocket

and

and the bill was through over-sight not brought on the account and I believe it has got mixed up with some connected file of papers. The charge was incurred with the previous permission of the Vice President I am sorry for the over-sight due to inordinate pressure of work at the time The irregularity has to be rectified by drawing another cheque and adjusting the dues of the Stationery Department and paying the balance to me "

We do not attach importance to the fact that a bill from the Superintendent of Government Stationery requiring mere countersignature and return was passed for payment and the amount cashed on a cheque, for, C Ramayya explained before us on 29-12-1915 that there was correspondence going on with regard to the correct method of adjustment of these accounts, the Superintendent requiring ~~both~~ book adjustment while the Comptroller enjoined cash payment (vide G O No 5151-63/G M 53-12-63 dated 12-1-14 and correspondence pertaining to it)

Asked to whether he could produce the bill on which payment was made for stationery alleged to have been purchased on 9th June 1913, C Ramayya expressed considerable doubt but finally picked up the above mentioned file from the Office Record-room, wherein was found a bill for Rs 12-8-0 from one Md Ali for

stationery

stationery said to have been bought on 9th June 1913 The ink used for writing has faded and it has neither been initialled nor passed for payment by the Vice President It has been dated the 27th June 1913 and the payment of the contents has been acknowledged It is believed that ~~these~~ it is usual with all bills even before payment - the signature of the bill Collector or messenger being taken at the time of payment On this bill C Ramayya has written in pencil "to be drawn and adjusted" and dated it 27-6-1913 It is difficult to understand in the 1st place why C Ramaiah kept quiet all the time after his return from Mysore After the receipt of the bill at least, if the expenditure had been authorised, nothing could have been easier than to have passed the bill for payment and paid Md Ali Instead of doing this, C. Ramayya on his own admission kept quiet and paid this bill of 27th June 1913 on 26th July 1913 out of money that should have been remitted to the Superintendent of Stationery Even if the bill had been mislaid a duplicate could have been called for and a duly authorised expenditure as alleged by C Ramayya could easily have been passed for payment by the Vice President There is therefore reason to doubt the Head Accountant's explanation

It should however be mentioned that the purchase of article of stationery

in

in the manner and under circumstances explained by the Head Accountant is not so utterly ~~impossible~~ improbable that the Committee could entirely discard the bill forthcoming in the Office records - for nearly one year beyond the reach of C Ramayya and assume that the transaction was fictitious There are reasons, which render it probable that this transaction may have slipped out of C Pamiah's memory, for, on the one hand the Superintendent of Stationery issued no reminder and on the other if C Ramayya had undoubtedly defalcated the money, the chances were, that he would have made an attempt to get a bill passed for payment after the then Vice President vacated Office at the end of 1913 Under these circumstances we are not prepared to say that ~~there~~ this is an ~~undoubted~~ case of misappropriation

<u>Cases 4 to 8</u> - History - "Five bills of Higginbothams viz

	Bill No	dated	for Rs
1	124	14- 3-1913	0- 8- 0
2	171	19- 3-1913	2- 4- 0
3	153	30- 5-1913	4- 8- 0
4	39	17- 9-1913	2- 4- 0
5	95	20-10-1913	3- 0- 0

"The amount of the 1st three bills is Rs 7-4-0 This sum was drawn from the Treasury on 12th April 1913 and 2nd June 1913 in cheque nos 94 dated 22nd

March

March 1913 and 45 dated 2nd June 1913 issued in favor of the Vice President The 1st cheque was cashed by peon Abdul Satar and the 2nd by peon Abdul Razack For the payment of these 3 bills the payee's receipt is not forthcoming From a reference to the "From Register it is seen that letter B/A dated 22nd July 1913 (registered No 174 of 28th July 1913 of the Municipal Office) was written by the firm requesting to settle their dues of Rs. 7-4-0 at a very early date as the same was pending over-long The letter is not forthcoming in the Municipal Office In the delivery book, an entry is made that the letter was referred to the Head Accountant There is no further reference produced to show that the payment was made The matter seems serious in the light of the above reference and it requires investigation "

"The other two bills of the firm 4 & 5 for Rs 2-4-0 and Rs 3-0-0 respectively, passed for payment on 25th September 1913 and 21st October 1913, were drawn in cheque Nos 20 dated 26th September 1913 for Rs 143-7-10 and 16 dated 1st November 1913 for Rs 1135-7-3 The two cheques were cashed by Shroff Ramayya, who has taken the amount in the petty cash book since maintained for the cheques drawn in favor of Vice President under date 15th November 1913 the 4th bill amount of Rs 2-4-0 was

charged

charged in the above cash book as "Type Ribbon babathu" To whom the money is paid is not known and the receipt of the firm is not forthcoming As regards the 5th bill for Rs 3, how the amount has been disposed of is not traceable At any rate payee's receipt is not forthcoming "

In the 1st three cases Ramayya says "the amounts that are paid for petty purchases were being usually kept with me and disbursed to the parties or their authorised agents when they come to Office and demand payment In this particular case as no agent turned up the amount must have remained with me undisbursed I do not remember having seen the reminder of the firm pressing for payment It was usual to purchase postage stamps for despatch of letters outside the state from the amounts with me in the interests of despatch of work and adjust the same afterwards From an examination of the tappal book it is seen that between 1st July 1913 and 10th February 1915 the date on which I handed over charge, stamps of the value of abou Rs 13/- had been used up exclusive of those worth Re 1 given to the despatcher, against Rs 5/- charged in the list of payments for November 1913 on voucher No 108 The difference accounts for the sum of Rs 7-4-0 found in excess with me and some more money spent out of my pocket This practice was in vogue on the understanding that stamps were considered

considered as cash and that the amount of stamps used easily ascertained by a reference to the despatch book and recouped out of the Imprest whenever necessary "

With regard to the two other cases C Ramayya is more cryptic "The Shroff may be called on to explain" he says

We find that articles received from Messrs Higginbothams were invariably accompanied by memoranda, showing the nature, number and value of articles forwarded They were more in the way of invoices differing from bills in that while they were sent with the articles ordered for, bills were made out and forwarded at the close of each month The two memoranda received in March 1913 have been passed for payment and cashed on receipt Early during April 1913 a bill was received for the previous month's purchases to the value of Rs 2-12-0 and was referred to the Head Accountant. Assuming that this amount had been used up for purchasing postage stamps, it would not have been difficult to have explained this to the Vice President and discharged the obligation by drawing the proper amount out of the Imprest and rendering payment Instead of this the paper was shelved A memo for the purchase of cyclostyle stencil paper of the value of Rs 4-8-0 was received on the 31st May 1913 and was dealt with in a manner similar

in the office on merely asking the Vice President but shall content ourselves with discussing the actual expenditure under stamps A sum of Rs 6-2-0 spent under stamps during 1912-13 has been drawn on 30-6-1913 We find from the stamp register that there was no demand for stamps during the year 1913-14 till 9-9-1913 on which day stamps to the value of Rs ~~4-6-9~~ 6-4-6 have been used - where the money came from is not clear but the Head Accountant has sent the despatching clerk Re 1 worth of stamps on 15-9-1913 which fact has been entered in pencil by the despatching clerk prior to the items of 9-9-1913 ! However this may be the actual stamps used from 1-7-1913 to 10-11-1913 are only for Re 1 on 10-11-1913 Rs 5 have been drawn in cheque No 61/341 dated 10-11-13 for postage stamps C Ramayya has doubtless recouped himself for the Re 1 expenditure already incurred by him and there is every reason to believe that it has been the balance of this amount of Rs 5 that has been used for stamps, for, on the 12-11-1913 he sends Re 1 worth of stamps to the despatching clerk A further annas 8-6-6 worth of stamps have been supplied for the President's use on an unknown date (probably by the end of December 1913) but till 5-3-1914 there has been no demand for more stamps, than what might have been purchased for the preceding Rs 4 In the meanwhile

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it should be noted that by the 2nd June 1913 the total amount of Rs 7-4-0 had already been drawn by the Head Accountant and was pending with him

The Head Accountant probably appreciates the lameness of the explanation, for it is curiously worded "he was in the habit of keeping petty items with him and disbursing the same if parties or their authorised agents came and demanded payment " "In these instances the money must have remained with him" "He does not remember having seen any reminders " By a process of exclusion he deduces that the money should have been spent for stamps and his conscience is satisfied, for on opening the tappal book he finds that up to the time of his suspension he has spent more money on stamps than has been recouped specifically for the purpose The explanation practically amounts to this that by 2nd June he had with him Rs 7-4-0 not belonging to him but belonging to the Municipality that he forgot what for the money had been drawn and that since a larger sum of money than Rs 7-4-0 plus Rs 5 (actually drawn during 1913-14) had been spent on stamps from 1st July 1913 to the 10th February 1915 (the date of his suspension) necessary adjustment may be made The stamp book however shows that the amount spent on stamps from 1-7-1913 to 10-2-1915 was not Rs 13

and odd as explained by C Ramayya but was actually less viz Rs. 6-2-6 in excess of Rs 5/- The explanation, such as it is, does not go far enough to account for the balance of Rs 1-1-6

If there had been any record at all in the Municipality on which reliance could be placed it would not have taken us long in coming to a definite conclusion on the foregoing evidence The extraordinary part of it is that the expenditure under stamps cannot be made out by the so - called 'stamp register'. For the tappal book and stamp account register maintained by despatching clerk K Subba Rao were checked with the following results -

The following letters despatched outside the State are shewn in the stamp account but not in the tappal book

1912-13

819/14-10-1912, 1642/15-11-1912, K 338/19-11-12, 1072 & 1073/16-11-12, 1180/30-11-12, 1708/19-12-13, D O to Messrs Addisons/26-6-13, K 1534/6-5-13

1913-14

4 letters/ 26-9-13, 1 letter/3-10-13, K 201/22-10-13, K 222/4-11-13, K 304/12-11-13, D O 162(no date), K 350,351 & 355/3-1-14, C I.10/22-1-1914, C I 15/26-1-14, C I 32/3-2-14, 1749/30-1-14, 1 letter to Madras (no date), Eud 624/12-2-14, 9 to Arcot (no date), 2458/10-4-14, D O /24-1-14, D O /27-4-14

1914-15

C.I 152 (No date), 7 packets of Municipal Hand books to 7 places/1-8-1914, 234/14-8-14, K 127/27-10-14, K 153/27-10-14, D O to Sholapur (no date) 1 letter to Hon President at Madras (no date)

The following letters are shown as despatched outside the state in the Tappal Book but not brought in the stamp account register -

1912-13

265/6-8-12, 300/8-8-12, 301/8-8-12, 394/19-8-12, 506/29-8-12, 56/5-9-12, 703/26-9-12, 845/16-10-12, 1471/16-1-13 1498/22-1-13, 1499/22-1-13, 1735/21-1-15, 1788/3-3-13, 1826/7-3-13, 1827/7-3-13, 1828/7-3-13, 1819/7-3-13, 1830/7-3-13, 526/10-3-13, Letter to Resident at Srinagar/18-3-13, 2428/2481, 2482/26-5-1913

1913-14

99/14-7-13, 155/22-7-13, 1749/5-2-14, 1855/10-2-14, 1993/24-2-14, 2258/24-3-14, 2603/8-5-14

1914-15

1744/27-1-15, 1870/8-2-15 1902/10-2-1

Letters Nos 2255 and 2491 of 1912-13 are shown twice each in the stamp account register but only once in the Tappal book

Letter

Letter No 2603 dated 3-5-14 is shown twice in the Tappal Book but not even once in the stamp account

Letter No 387 is shown twice under different dates (on 27-8-14 & 4-9-14) in the Tappal Book but only once in the stamp account register on 4-9-14

Letter dated 18-9-14 addressed to the Asiatic Petrolium Co , Madras is shown as 659 in the Tappal Book but as 600 in the stamp account the former number is correct

Letter No 1494 dated 26-12-14 is correctly shown in the stamp account but inaccurately as 1444 in the Tappal book

The other entries are correctly shown both in the Tappal Book and stamp account register

We have already stated that entries of receipt of stamps are more than once written in pencil in the stamp account and that the entries have not been made on the dates on which the stamps were received from the Head Accountant It is also acknowledged by all those whom we examined that the stamps were always found by the Head Accountant

A stamp book as prescribed in the Municipal Account Manual was opened on the 16-2-1915 under instructions from the Vice President The old book contains entries up to the 15-1-15 Subsequent

Subsequent to this date three D C letters are noted to have been posted to the Honorary President's address at Madras but the dates are not specified From a reference to the tappal book, letters Nos 1705/22-1-15, 1744/27-1-15 1870/6-2-15 have been found to have been posted outside the state It was only on the 8th February 1915 that the despatching clerk submitted a memorandum requesting for stamps It should therefore naturally be assumed that C Ramayya had provided sufficient stamps to serve up to this date

The only record wherefrom the value of stamps used could be ascertained is the stamp register We find that a very large number of letters have been shown in the Tappal Book but are not forthcoming in the former What is the total value of additional stamps used ? We are unable to make any statement We consider it a mercy that the Head Accountant does not know this aspect of the case or every specially troublesome question would have found ready solution, for the value of stamps used is considerably more than he obviously has guessed

We can therefore only say that in this instance if there is no misappropriation, there is at any rate reprehensible misapplication of municipal funds

With regard to the balance of Rs 5-4-0 drawn on the two memoranda subsequent to September 1913, we find that there are entries in the Shroff's petty cash book showing receipt thereof on 26-9-13 and 1-11-13 While Rs 2-4-0 is shown as having been sent to the Head Accountant on 15-11-13 through Parpathegar Nagappa along with 11 items of money whose disbursements are undisputed, The balance of Rs 3/- has no entry at all in the expenditure side and still remains to be accounted for We find that the maintenance of this book was enjoined on the Shroff (1) so late as September 1913 He was an old man on the verge of retirement and probably was not conversant with the correct method of keeping accounts (2) Initials are not taken from receiving parties against items of expenditure (3) daily balances are not ~~touch~~ struck strict (4) adherence is not paid to the columns on the receipt and expenditure sides, the entries of either nature getting interchanged with respect to columns (5) blank spaces are left without entries (6) and the book as far as it goes is incomplete, as the entries on the credit (6) side go on to 8th July 1914, while those on the side of debit cease from 25th April 1914 These circumstances (7) render it difficult to guage what exact value should be attached to the document as a regular account book but

while

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(E)

While alive to its short-comings with respect to omissions, we are convinced of the genuineness of the entries therein If it was nothing else there is one circumstance at least which would render C Ramayya's behaviour suspicious Subsequent to depositing the Rs. 5-4-0 with the Shroff, consolidated bills showing the accounts of the preceding months have been received regularly month after month 4 times and have all been referred to the Head Accountant Where was the difficulty about getting this money from the Shroff and making payment, if everything was straight forward ? C Ramayya has waited as long as possible and at the close of the year in the rush incidental to closing accounts gets the consolidated bill for all preceding months passed for payment

However this may be, we will not adopt this ~~time~~ line of argument We see in the ~~petty~~ Shorff's petty cash book that he has noted down to whom moneys have ~~be~~ been paid In some places he says " [illegible] " In other places he says the money has been paid to somebody else's hands on behalf of the Head Accountant Ramayya In the case of Rs 2-4-0 the entry is not that the money was paid to Ramayya direct While therefore accepting that the amount of Rs 2-4-0 was handed over to Parpatnagar Nagappa to be paid to the Head Accountant, we maintain that it was the Shroff' business

business to ensure that the money did reach the Head Accountant's hands There is nothing to show that he has done it Since C Ramayya denies its receipt and as there is more than one person concerned in this transaction we are unable to state that there is defalcation. We however believe that Shroff Ramayya is responsible to make good the amount of Rs 5-4-0 involved under both the preceding heads.

<u>Case No 9 - History as set-forth by the auditor</u>

"In the same cheque in which the compensation amount referred to in case 1 was drawn, Rs 7-4-0 was included for payment to M Munisamy & Sons, Florists and Seedsmen His bill No 96 was dated 30th June 1913 and the Vice President has ordered 'to pay' under date 4th July 1913 The amount of the bill though passed for payment on 30th June 1913 was drawn on 5th July 1913 And as such the bill cannot be taken by itself as a receipt and for payment of the amount, a separate receipt is necessary which is not forthcoming x x x"

C Ramayya in his explanation says that these charges had been admitted [illegible] the original audit by the auditors [illegible] the Comptroller's Office, that receipts had been obtained and attached [illegible] the were rys-

business to ensure that the money did reach the Head Accountant's hands There is nothing to show that he has done it Since C Ramayya denies its receipt and as there is more than one person concerned in this transaction we are unable to state that there is defalcation. We however believe that Shroff Ramayya is responsible to make good the amount of Rs 5-4-0 involved under both the preceding heads

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C Ramayya in his explanation says that these charges had been admitted at the original audit by the auditors of the Comptroller's Office, that receipts had been obtained and attached to the bills and that they were mysteriously disappearing

We have already seen that the money was available for payment on 5th July 1913 On 18-2-14 Messrs Munisamy & Sons have reminded the Vice President urging payment for their bill No 96 of 2-7-1913 and the communication has been referred to the Head Accountant Ir their letter of 25th May 1915 Munisamy & Sons acknowledge receipt of the money on 24-7-1914 through Shanbhogue Krishnappa This leads to only one inevitable conclusion but for the appearance of Shanbhogue Krishnappa at the last stage of the transaction In his statement given before the Vice President on 19th aug 15 Krishnappa denies having been the carrier of the money, he was sitting sometime at the premises of the firm, when some one whom he did not know brought some amount of money and paid to the firm. As the party went away the firm credited the sum as from him We cannot believe this in the face of the definite and straightforward statement made by Messrs Munisamy & Sons, that the money was received through Krishnappa

We feel convinced about the receipt having been obtained from Munisamy and Sons as explained by the Head Accountant to be a lie, but, since we cannot exclude the possibility of the money having been pending with the Shanbhogue Krishnappa instead of with Ramayya, or with any other, we are unable

to

to definitely state who has been guilty of temporary misappropriation

Case No 10 -

This is a question of payee's receipt being wanting for money drawn on 4-10-13 Since the party has admitted payment on 24-11-13 in his deposition of 19-8-15 before the Vice President, no further discussion is needed

Cases 11 to 13. -

These are objections taken for want of payee's receipts for moneys drawn on 12-2-13, 17-5-13 and 25-10-13 Contractor Pathianna acknowledges payment of these items, in his deposition before the Vice President on 21-7-1915

Cases 14 to 16 - are of similar nature

Cases 17 & 18 - are thus setforth by the auditor

"Cheque No. 8/708 dated 21st March 1914 was issued for Rs 136-11-7 in the name of the Vice President Mr Ramaswamaiya for payment of the following charges It was cashed by Shroff Ramayya and the amount brought on the petty cash book

1	Langarkhra charges	Rs	56- 8- 0
2	Reward & fodder charges of the City Cattle pound	"	14- 6- 0
3	do of Malleswaram	"	11- 9- 6
4	Paid for the sets of City & Cantonment Lapu		1[illegible]- [illegible]- 0

5	Price of a Taluk Map	Rs	1- 8- 0
6	Refund of deposit	"	3-10- 0
7	Bills of the Hackney Carriage Inspector	"	2- 6- 9
8	Price of chimneys	"	24-02-0
9	For payment to Chika Hanumayya	"	7- 3- 4
	Total	"	136-11- 7

x x x x x

"The 8th and 9th items Viz Rs. -- 31-3-4 were charged in the petty cash book on 21-3-14 as paid to Head Account ant Ramayya of which a stamped receipt for the payment of Rs 24/- being the cost of Chimneys has been obtained on the bill itself but the date of receipt of the amount has not been noted As regards the other item of Rs 7-3-4 being the reserve amount of the bill of the Contractor Chick Hanumayya for repairing the Golf Road, the payee's receipt is not forthcoming The bill was submitted to the President by the Municipal Engineer on 17-3-14, it was passed for payment on 18-3-14 by the Hon President and the amount drawn in the above cheque The party has given a petition dated 4th February 1915, registered No 1424 dated 19th Feb 1915 that he has not been paid the reserve amount of Rs 7-3-4 and the same should be paid to him He has again given a reminder on 4-5-15 x x x

"For

"For the 6th item of Rs. 3-10-0 being the refund of deposit amount, a deposit repayment voucher signed by the Vice President and duly passed by the President on 18-3-14 has been filed The amount was charged in the petty cash book as paid to Dodnarasappa on 24-3-14 whose signature has been taken in the voucher book "

In his explanation C Ramayya says "the signature on these bills were obtained from the parties at the time of payment in the Office The exact nature of the objection is not clear If clear instructions are given this will be attended to in future The practice in vogue was in accordance with the procedure which remained unobjected to by the local auditors of the Comptroller's Office, heretofore "

We rather think that the Head Accountant knows very well the exact nature of the objection The question merely is 'did Chick Hanumayya put in his signature for a bill or a receipt ? If the latter why is there no entry that the money has been received ? What has been the procedure in the Municipal Office with reference to Contractor's bills of this nature ?

We made fairly exhaustive enquiries on this head We take the following extract from the report of Mr R Usman Khan Sahib, auditing Municipal Councillor for July 1912

"I examined the accounts for the month of July and also the undermentioned bills submitted for payment in the months of May & June 1912 Bills Nos. 117, 143, 14 145, 147, 149, 287, 258, 259, 378, 284, 271, 201, 200, 158, 209, 199, 119, 272, 281, 246, 299, 253, and 196 These bills are in respect of the works done by the Contractors which do not bear the signatures Nor are there either in the record or in the order book anything to show that the works mentioned in the said bills have been authorised to be executed by those contractors

x x x x

x x x x x

This shows that there was no uniform procedure during 1911-12 and the Municipal Council prescribed in their resolution of 29th March 1913 the procedure that should without exception be adopted subsequent to that date Naturally it should have been Head Accountant Ramayya who should have brought this into effect If any P W D bills were sent up for being passed, the Head Accountant in accordance with the above resolution would have returned the same, if the contractor's signature was missing There is no record forthcoming to show that any bills have been returned for this particular reason As irregularities are likely to be most during the heavy month of June, we went over the P W D bills of June 1913 & June 1914.

All

All the 139 bills pertaining to June 1913 that we examined have been signed by the Contractors concerned 115 of the bills bear double signatures sometimes in different inks and at others in similar inks Contents are receipted in 56 of these instances and there are merely double signatures in the remaining 58 In either case the meaning is clear The 1st signature is put in when the bill is submitted and the 2nd is taken when the payment is made Of the 24 bills bearing single signatures, contents are receipted in 16 instances and in the remaining 8 there are merely single signatures But in all the 8 instances which would be analogous with the present case the bills are stamped and the signature is written over the stamp itself.

How far a contractor would affix a receipt stamp to a bill and present the same with the signature for payment is more than doubtful But bills of other branches, for instance from the Head Master of the Municipal School, were presented for payment ~~only~~ fully stamped and receipted and though there is no separate signature on the bill itself at the time of ~~apyment~~ payment, have been accepted as vouchers

We also examined 313 P W D bills pertaining to June 1914 291 of them bear double signatures of contractors Of the remaining 22 bills bearing single

signature

signature's, contents are receipted in 9 instances Out of the remaining 13 bills, 11 have signatures written out over the receipt stamp and ~~the~~ two bills are unstamped as the amount involved in less than Rs. 20 These two bills are precisely analogous to the case in review

The Head Accountant's explanation is therefore a misinterpretation of the procedure obtaining in the Municipality during the period of time that the audit objection refers to nor are we satisfied that the Head Accountant made payment of the money

As has been pointed out, however, it cannot be said that there has been absolute uniformity in the system and there are a fair No of single signature bills where payment is unstamped ~~unkepcit ed~~ and where ~~when~~ contents are not receipted Under these circumstances we carnot say that C Ramayya has defalcated the money though we are of opinion that he is responsible to make good the same

With regard to case 18, there is nothing further to be said as Dodnarasappa's receipt is forthcoming in the voucher book

<u>Case No. 19</u> - The Auditor says, "A bill in the abstract contingent bill form dated 29-11-13 for Rs 17-12-0 for equipment supplied to the Motor Driver

signed

signed by Mr R Sulla Rao as Vice President was duly passed by the Hon President on 29th December 1913 There is no bill of the contractor in support of the charge nor are the details as regards the name of supplier and the articles supplied with cost of each noted There is no reference in the Office, of the articles having been received and delivered over to the Motor Driver The amount of the bill was included in cheque No 100 dated 29th November 1913 for Rs 462-12-0 in favor of the Vice President Mr. Ranoji Rao It was cashed by the Shroff Ramayya on 1st Dec 13 and the amount brought on the petty cash book On the 2nd Dec 13, it was charged off as Motor Driver's Babathu To whom the ~~payment~~ amount was paid is not known For the payment made the payee's receipt is not forthcoming "

(* is is an error on the part of the Auditor It ought to be 29th November 1913)

"In the absence of a bill from the supplier and the payee's receipt in support of the payment made and in view of the way in which the entry is recorded in the petty cash book the charge cannot be admitted The matter requires investigation "

In his explanation C Ramayya argues that receipt had been obtained and attached to the bills, for otherwise how else would the local auditors of the Comptroller's Office have admitted the expenditure

It has been ascertained that the chauffeur's equipment was received in due time The bills missing at the time of audit have subsequently been traced out and are incorporated in the file pertaining to this case One is a cash bill dated 2-12-13 from Ebrahim Sait & Co for a pair of boots Another slip of paper dated 18-11-13 in the Head Accountant's hand-writing declares that Rs 3/- was payable to Madhoji Rao for Pagari supplied This man's whereabouts are unknown He has made no claim for payment up to date and it has to be presumed that payment has been made Yacoob' Sheriff's bill for Rs 8-12-0 dated 19th November has been included in the A C bill of 29-11-13 and the amount drawn on 1st December 13 On the 2nd December 1913 the Shroff charges Rs 17-12-0 off as Motor Bxx car Driver's babathu There is no entry to show that the money was actually sent to Head Accountant Ramayya though, of course that is the natural inference In his letter of the 1st March 1915, Yacoob Sheriff states that Rs 8-12-0 was received from Mr C Ramayya, the Manager (') on the evening of the 17th February 1915 It is not mentioned whether the money was taken in person or whether it was sent by that individual The same file also shows that the amount has been sent after receipt of a reminder and duplicate bills on

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Case 27 - Notice returned unserved by the Engineering and Collection Departments; as the party's whereabouts are unknown,— Payment should be presumed.

Case 28 - In his statement dated 19-8-1915 before the Vice President, payee acknowledges payment

Cases 29 to 32 - The auditor's report may be divided into two parts and summarised thus -

Part 1 Bill No 208 dated 12th July 1913 for Rs 22-2-0 passed for payment and drawn in cheque No 97 dated 14th August 1913 Bill No 257 dated 19th October 1913 for Rs 2-12-0 passed for payment for Rs 2-8-0 only and drawn on 25th October 1913 in cheque No 96 dated 24th October 1913 Bill No 370 dated 21st February 1914 for Rs 3-12-0 passed for payment and drawn in cheque No 44 dated 27th Feb 1914 There is no record to show how the contents of the 1st bill were disposed of, while the contents of the 2nd and 3rd bills are charged off in the Sarroff's petty cash book as paid to Head Accountant C Ramayya

In his letter of the 17th February 1915 the party regrets that the amount of the preceding three bills (and also other items which have no bearing on the present case) have been outstanding for a long time in spite of repeated

reminders

reminders and urges prompt payment. In his letter again of the 23rd March 1915 the party acknowledges payment on an unknown date and withdraws his claim for Rs 28-10-0

The auditor argues that the alleged payment of these bill amounts is improbable as (a) the party has repeatedly been pressing for payment without getting any reply, (b) Head Accountant Ramayya has not taken any acknowledgment from the bill collector, while in petty cash book the amounts of the 2nd and 3rd bills are charged off against C Ramayya's name and (c) the party has acknowledged payment of Rs 2-12-0 on account of the 2nd bill while the amount actually passed for payment and drawn from the Treasury was Rs 2-8-0 only

In regard to points (a) & (b) we can only agree with the auditor in so far as they are instances of irregularity or carelessness In regard to point (c) we believe that instance where if there had been any reduction of claim suggested, payees accept less than their bill amounts in full discharge of their claims, are not of infrequent occurance - though of course the submission of a revised bill would be the correct procedure

In reply to the Vice President's letter No 479 of the 27th March 1915

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explained that the payment was made to the deceased bill Collector and that he was not responsible for its subsequent disposal

However this may be, since the party claims payment and there is no payee's receipt forthcoming and C Ramayya is the person who handled the money last, we believe he is responsible to make good the amount

Cases 33 & 34 - These are instances of payees' receipts being wanting Notices have been served on contractors Appajappa and Guttiah in person ~~on~~ ———————— but neither of them has come forward to make either a claim for payment or to intimate the date of payment It must therefore be presumed that payment has been made in due time

Cases 35 & 36 - The payees have filed written statements that they are in receipt of their dues and that there is nothing owing to them from the Municipality

Case 37 - The auditor states as follows -

"Payment of Rs 3/- to Munisar & Sons No bill of the contractor is forthcoming The bill in the P . form prepared by the Store-keeper Rangiah Naidu and signed by the Municipal Engineer does not contain the signature of the Contractor The cheque in

which

which this item was included was cashed by the Shroff Ramayya but it was not brought on the petty cashbook As the party's receipt was not forthcoming, a letter was written by the Vice President at the instance of the Auditor to the firm in No 2876 dated 19th May 1915 enquiring if payment had been made A reply was received on 20th May 1915 (vide No 875 dated 19th May 1915) that the sum of Rs 3/- for which the bill No 94 was sent on 30th June 1914 remained unpaid The amount appears to have been misappropriated Further investigation is necessary "

In their letter dated 5th July 1915 Messrs Wunisamy & Sons re-iterated their statement about non-receipt of the money

In his explanation C Ramayya says that the signature of the party was obtained on the bill at the time of payment Assuming that such a signature without the contents being receipted was sufficient for our purpose, the explanation would still be unsatisfactory as the contractor's signature is entirely missing from the bill This however in itself does not seem to render C Ramayya liable to account for the money, for, as the auditor explains Shroff Ramayya has cashed the cheque but has failed to bring it on the petty cash book It is very probable that the money was handed over to C Ramayya on

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the Shroff's return from the Treasury But in the absence of any definite statement to that effect in the petty cash book we are unable to fix the liability on C Ramayya We accordingly recommend that the Shroff Ramayya may be called on to make good the money.

Case 38 - Incurring an expenditure in excess of the budget allotment for clothing to the peons is irregular. We learn however that the fact of such supply is true. Contractor Abdul Jabbar acknowledges payment of the amount He is a very respectable man and we have no reason to doubt his statement

Case 39. - Contractor Basappa acknowledges payment

Cases 40 & 41. - Contractors Bullappa and Syed Mohadin acknowledge payment

Cases 42 & 44 - The payee has acknowledged payment before the Vice Presiden

Case 43 - Payee acknowledges payment of the money but does not furnish date

Case 45 - Market Sergeant Abdul Hameed states that he bought a Khaki turban for Rs 7/- from one Syed Ahmed, Cloth Merchant, Dodpet Syed Ahmed acknowledges payment of value

Case 46. - Rayappa Setty was served with a notice, but says that the records for 1914 are not available and in their absence is unable to give details of payment

Case 47 - Contractor Abdul Razak acknowledges payment

Case 48 - Contractor Abdul Hukk Sahib acknowledges payment

Case 49 - Contractor Bacha Mudaliar was served with a notice but has failed to appear.

Case 50 - The expenditure has obviously been authorised It has been found impossible at this distance of time to know from whom the purchase was made In the absence of any claim payment should be presumed

Cases 51 & 52 - Market Sergeant Abdul Hameed certifies to having received the contents of the 6 Abstract Contingent Bills and used them for the contingent expenditure of his Office (Vide also case 45)

Case 53 - An amount of Rs 15-2-0 drawn on the 3rd June 1914 was disbursed on the 21st January 1915 It is difficult to say with whom the money was pending in the interval The cheque was cashed by the Shroff Ramayya but while he usually brings up in his cash book items pending with him for payment, this transaction is not shewn either on the receipt or expenditure side of the petty cash book The presumption therefore is that the money was paid to C. Ramiah directly the cheque was cashed and that the money was pending with him In

the

the absence of definite note about it in the petty cash book we are not prepared to say that this exactly has happened Since the payee acknowledges payment we do not consider it profitable to discuss the question further

Case 54 - It has been found that the supply of the tray was true Petty trader Narayanaswamy who was known to have been living at Kalasipalya has left and his whereabouts are unknown We however believe that he has been in receipt of the money, as a small trader would not be likely to be keeping quiet all this time without putting in a clai in the event of non-receipt of his dues

Case 55 - This relates to the purchas of stationery to the value of Rs 1-14-(during May 1914 wherefor payee's receipt is not forthcoming C Ramayya was personally examined on this head by the Vice President He was unable to furnish information as to from whom the purchase was made He believed that the articles were brought for cash and the amount recouped Definite information as to the actual fact of supply of these note papers and covers is not forthcoming in the Office at this distance of time It however is true that the supply of stationery is usually very inadequate and supplementa purchases are frequently made We cannot therefore say that this is an imaginary transaction

Case 56 - Thimmayya acknowledges payment

Case 57 - The Auditor says that the contents of the bill have not been receipted This however has been done by the contractor beneath the signature instead of above it in his own hand-writing Considering however that this is a well known contractor who frequently comes to the Municipal Office and that he has put in no claim till now We have no doubt that payment has been made.

Case 58. - Notices returned unserved by Engineering and Collection Departments Party is said to have left the Station and his whereabouts are unknown In the absence of a claim, payment should be presumed

Case 59 - Payee's receipt for annas 6/- wanting The party is a petty workman to whom annas 6 was owing for preparing 300 covers In his depositio before the Vice President he says he does not remember whether he did or did not receive payment He is ~~now~~ not prepared to press his claim

Cases 60 & 61 - The Public & Conveyance Inspector certifies to his havin received the sum of Rs 1-10-0 and to ~~is having~~ to have been spent on the items mentioned in the bill We are prepared to accept this

Krishnappa Setty acknowledges payment of annas 12/- for two diaries supplied

supplied to the Municipal Office.

Case 62 - This case is within the personal knowledge of the present Vice President As Health Officer he purchased these articles for the use of a temporary Vaccinator and the receipt has been lost The payee is absent from Station to procure duplicate

Cases 63 & 64 - Payment of both items being acknowledged by the payee not long after the cheques were cashed, no further steps seem now to be called for.

Case 65 - Rs 48-3-0 payable to Messrs Perumal Chetty & Sons of Madras

This case has been exhaustively dealt with by the Sub Committee consisting of the marginally noted gentlemen, who have submitted a report on 10th Feb 1915 We cannot do better than to quote the finding of the Committee with which we are in agreement viz

r R Subba Rao, Vice President
S Venkatarangiengar
B Usman Khan Sahib

" x x x x

We are of opinion that he (C Ramayya) is responsible for the non-payment of money There is circumstantial evidence justifying our coming to this conclusion There is no direct evidence that would stand in a Court of Law We therefore believe that this is a fit case for Departmental action "

It requires to be mentioned however that on 2-8-15 C Ramayya has offered a curious explanation which runs as follow

" x

" x x x x till very recently, I could not remember how I had spent the amount While going through the records of the Childrens' day Celebrations in the Office lately I recollected having paid the amount to satisfy a pressing and urgent claim for mangoes got through me at the request of the Secretary and the Vice President to be distributed to the School Boys along with Sweets with the object of recouping it the next morning and remitting the same to the firm In the pressure of work and through forgetfulness I failed to recoup the sum and remit it to Madras I do not remember to have received payment for this item of expenditure either from the Committee of management or the Vice President "

The Committee of management had collected their own funds and no one was better aware than the Head Accountant that there was no call for using Municipal Funds for the purpose If C Ramayya has used up Municipal Funds for purchasing mangoes at the instance of any one pertaining to the Committee of Management of the Childrens' fete it is for C Ramayya to recover the amount and make good the missing money

<u>Cases 66 & 67</u> - Balappa and Venkatasamappa have acknowledged payment of money before the Vice President

<u>Case 68</u> - Notices returned unserved by the Engineering and Collection Departments

Departments The party is said to have left Station and his whereabouts are unknown In the absence of a claim payment should be presumed.

Case by

Report re the unadjusted cash balance of Rs. 57-6-1 out of funds placed at the disposal of the Bangalore City Municipality in connection with the Vice-regal Visit of 1913

We will briefly describe the salien points of the case, for details, please read Vice President's memo of 21-8-15, C Ramayya's explanation of 20-9-15, Vice President's memo of 21-10-15, notice to Ramayya of 25-10-15 asking him to make good the money Government Order No 9113-4/G M 121-13-328 dated 31-12-15 calling for further report regarding recovery of the cash balance of Rs 57-6-1 from C Ramayya, and C Ramayya's further explanation of 20th Feb 1916 and refusal to pay the cash balance

2 In connection with the Vice-regal Visit accounts, out of moneys drawn in advance from the District Treasury a cash balance of Rs 57-6-1 is shown in the cash accounts from March 1914 Communications were received from Government requiring this amount being refunded and final account pertaining to the Vice-regal Visit being submitted to the Comptroller In reply Government were informed on 21st

December

water supply Department was requested to furnish a revised bill A reply was received on 16-3-14 that the original calculation was correct and calling on the Municipality to remit the sum of Rs 57-6-0 As objection with regard to calculation had been taken by the Municipal Engineer, this communication was forwarded to that Officer for opinion The Municipal Engineer in his memo No 1992 dated 17-3-14 withdrew his objection and was of opinion that the claim may be settled. Instead however of the amount being remitted, a further communication protesting ~~ab~~ about the calculations has been drafted in C Ramayya's hand-writing on 10th June 1914 addressed to the Executive Engineer, Water Supply and Stores Division This has an entry in the "To" book but has not been despatched as ascertained from the Tappal Book The Executive Engineer, Water Supply and Stores Division does not acknowledge it and in his No 1126 dated 6th May 1915 draws attention to his letter of the 13th March 1915 The amount remains yet unpaid

4 While the Accountant's cash book shews a cash balance of Rs 57-6-0 the Shroff's petty cash book shews that the entire sum of Rs 5970/ drawn in connection with the Viceregal Visit was fully disbursed by the 18th March 1914 The several items of disbursement in

the

the Shroff's petty cash book were checked with the cash accounts from October 1913 to June 1914 and the marginally noted three items of expenditure were found not to occur in the cash accounts The total of these three items amounts to exactly Rs 57-6-1

5 Head Accountant C Ramayya in his explanation says "the procedure with regard to the expenditure in connection with the Viceregal Visit was, as soon as the bills were received to check them, obtain order of payment and when the concerned party arrived and demanded payment, a receipt would be obtained from him and the bill and acknowledgement sent to the Shroff The Shroff would make payment himself on the authority of the vouchers sent to him and hand over the paid vouchers to the Account Branch latterly for compilation of the accounts "

"The undersigned was not dealing with the cash under reference He was checking the accounts compiled from the vouchers on which payments were made by the Shroff He never received any cash from the Shroff at any time as noted down in his petty cash book "

6 All this is a misrepresentation In connection with Messrs Perumal Chetty & Sons' case the procedure in regard to cash payments has been fully discussed and the fact of C Ramayya's dealing in cash at this particular

particular period has been fully established

7 In his deposition before the Vice President on 20-10-1& late Shroff Ramayya says that the 1st and 3rd items of Rs. 45/- and Rs 8-6-1 respectively were handed over to Head Accountant C Ramayya on the dates specified against each as it was supposed to be for payment to parties, that he was not in the habit of obtaining vouchers from C Ramayya, that the Head Accountant C Ramayya was in the habit of taking receipts from parties and that the procedure with regard to payments as described by C Ramayya was untrue With regard to the payment of Rs 4/- on 30-1-14 the Shroff says that he did not know the payee Ramaswamyya personally but that when he made the payment the person seated by the side of C Ramayya was described by that official as Ramaswamayya.

8 Irrespective of the prevalent procedure at this specific period, it might have been possible to throw doubt on the Shroff's statement but for three circumstances viz

(a) the amount charged off in the Head Accountant's name in the Shroff's petty cash book being identical with the amount due to be paid to the water Supply Department, would the Shroff, an old man who did not know English, be likely to have learnt of this claim for

water

Water Supply which was first received during February 1914, while two instalments of Rs 45/- and Rs 4/- have been used up in November 1913 and January 14 respectively?

(b) Could the mistake in considering the amount of Rs 61-6-0 recoverable by the Municipal Engineer for articles sold by the Municipality as identical with an advance drawn and unaccounted for in the cash book, be involuntry ? we cannot believe this,

(c) when the objection raised by the Municipal Engineer about payment of Rs 57-6-0, identical with the amount now to be accounted for, was withdrawn, where was the necessity to make a further reference on this subject calling for revised bill and who was interested in not despatching this letter ?

9 All this saddles the responsibility on only one person - Head Accountant C Ramayya . On the strength of the facts C Ramayya has been called on to make good the money in notice dated 25-10-15 After repeated reminders, the Head Accountant disclaims any liability for payment and furnishes an explanation of considerable length Almost the whole of it is irrelevant except the following points which seem to be pertinent

(a) For a long stretch of time the Vice President has not gone over

the

the book or at any rate his signature is absent

(b) The pages are not serially numbered And

(c) The Shroff's petty cash book in some instances do not shew entries of payments evidently made

10 While therefore there is no doubt in our mind about the liability of C Ramayya to make good the money, We feel that the circumstances above noted as well as direct evidence in the way of a voucher from C Ramayya not being forthcoming, stand in the way of our recommending action in a Court of law We are of opinion therefore that departmental action may be taken and money recouped from ~~him.~~ C Ramayya

Case 70

Report on the sum of Rs 17-8-0 payable to the Survey Department

The Vice President's memoranda of the 15-8-15 and 23-10-15 fully detail all the facts of the case, which is precisely analogues with case No 71 pertaining to the Health Officer's remittance of Rs. 26-9-0

Draft and fair copies of a letter were prepared on 4th March 1911 purporting to send Rs 17-8-0 to the Mysore Survey Office for Maps supplied. The Survey Assistant Commissioner wanted the money remitted to the District Treasury

which

which is near the Municipal Office The draft is put up by the Head Accountant C Ramayya 14 days later the money is drawn and the Head Accountant says that it should have been sent to the despatcher The despatcher says that it is untrue and that C Ramayya offered to send the money himself and took away the fair copy of letter with cover The communication has not been despatched and the money remains unpaid

2 While everything tends to show and C Ramayya himself acknowledges that the amount was received by him, There is absolutely nothing to show that the money was sent on to despatcher Subba Rao In all his lengthy explanation C Ramayya has failed to convince us even of the probability of the transaction Granting that the procedure of cash remittances was such as detailed in his explanation, there is nothing to prove that in this particular instance a different course was not adopted When C Ramayya handed over varying amounts to other clerks without keeping a memo of accounts himself or obtaining a voucher from them, he did so at his own risk and he is responsible for all non-receipt of amounts by the payees concerned

3 We therefore think it perfectly equitable and right that C Ramayya should be called on to pay up the money

Case 71

Report on two cases forwarded with Comptroller's No. L A D. 1172 dated 21/25-6-1915

The history as detailed by the Auditor shows that the case relate to two items of money of Rs 20/- and Rs 6-9-0 remitted by the Health Officer for crediting into the Municipal Treasury Reference to the Health Office despatch book shows that both items are acknowledged by C Ramayya on the 11th December 1913 The money has not been remitted to the Municipal Treasury nor has it been known how it has been disposed of

The Vice President handed over the auditor's note in person to C Ramayya on the 10th July 1915 and called for his explanation C Ramayya offered to submit it on the 12th July 1915 As this was not forthcoming a notice was issued on the 16th July 1915 directing the Head Accountant to submit his explanation without further delay C Ramayya however delayed ~~it~~ on the pretext of going over the records, the furnishing of the explanation till the 3rd August 1915

The explanation runs thus -
"I quite remember that there was not even a delay of a quarter of an hour between the time of receipt of the moneys by me and of the delivery to the despatcher with memos duly approved and

signed

signed by the Vice President, pointing out that the Health Officer was himself competent to remit the amounts to the Municipal Treasury direct x x x In the usual course of office procedure I had to trust to the despatcher " This seems to show that there was not much study of records needed to offer an explanation

Despatching Clerk N Subba Rao was examined by the Vice President with regard to the procedure when moneys had to be sent to other offices He acknowledges that he was in the habit of receiving moneys for despatch Asked as to whether he was in the habit of giving vouchers for such moneys He says "fair copy of any letter for despatch used to be sent to me I used to enter it in the 'To' register and numbe and also in the delivery book and then used to send the fair copy (with cover if it went to other offices) to the Head Accountant C Ramayya This refers only to papers in which money had to be sent Then he used to give the letter and the delivery book to the peon and also the money that is to be sent with the letter The peon used to deliver the letter and return the delivery book to me At the time of paying the money to the peon the Head Accountant used to order the peon to shew him the delivery voucher after delivering the letter and the money x x x

The

The amount to be sent with the letter was noted in the delivery or issue book by me by a reference to the fair copy of the letter sent to me x x x x x If no peon is available the Head Accountant used to give money to me only and used to ask me to shew to him the acknowledgement of the address x x x x x I never got any money into my hands before my entering the letter in the issue book x x x x . The Head Accountant C. Ramayya did not send me on 11-12-13 a sum of Rs 26-9-0 with a draft and fair memo to the Health Officer x x x x I do not remember having seen such a memo x x x"

~~If~~ It is true that the Health Officer could easily have remitted the money himself to the Municipal Treasury But it is difficult to understand why at all C Ramayya took charge of the cash under the circumstances It would have taken him less time to have written out a chellan and to have sent the money to the Municipal Treasury under the signature of the Vice President, than to have written out duplicate memoranda and return the money to the Health Officer involving as the latter procedure did the ~~procuring~~ processes of drafting, fair copying, entering in the 'to' register and entering in the delivery book Despatching Clerk M Subba Rao's explanation seems to us straightforward

But it is not his work -

At

At any rate, beyond C Ramayya's statement there is nothing to shew that N Subba Rao received the money The draf and fair memoranda are missing, the transaction has no entry in the 'To' or delivery book of the Vice President's Office and there is no record about the subject in the Health Office 'From' register

We find that the transactions were of a nature that did not involve the issuing of reminders as the episode was considered closed from the point of all concerned - The Mysore City Municipality Messrs Thacker Spink & Co and the Bangalore City Health Officer. under the very remote contingency therefore of the money having left C. Ramayya's hand for purpose of being returned to the Health Officer, there would be no circumstance to remind him that such return had not been effected If therefore the despatching clerk wanted to misuse the money, everything would have transpired just as it has now done We have however already pointed out that there is nothing to justify our suspecting such an event and accordingly hold that C Ramayya should be called on to make good the money

Case 12 <u>Report on the Vichara Darpana Press Case</u>

The auditor's report details all the facts of the case

6 bills received from the Proprietor of the Press were passed for payment and the total amount of Rs.60-6-6 drawn from the Treasury on two cheques (along with other items) on 24-6-14 and 27-6-14 respectively The varying bil amounts were brought on the Shroff's petty cash book and a note has been made against them that the moneys have been handed over to C Ramayya The amount does not seem to have been paid and the Proprietor has been pressing for payment

In his explanation C Ramayya does not deny having been the first recipient of the amount, but states that the money has been paid to the Vichara Darpana Press He professes that since the words " E E Contents received" are printed over the signature of the payee the bills should be accepted as receipts

We have discussed at some length this question of bills being accepted for receipts in cases 17 & 18 and have pointed out how in the absence of an absolutely uniform procedure it is impossible to make any definite statement In the present case the Shroff book goes to show that the money was handed over to C Ramayya C Ramayya himself does not deny having received the money but professes to have paid it up The proprietor of a respectable firm denies the fact of

payment

payment and there is nothing in the records that we are prepared to accept as receipt. Irrespective of C Ramayya's having been or having not been misled by a bill which looked like a receipt, we recommend that he may be called on to pay up the money.

Conclusion. -

It will thus be seen that the various sums of money involved in the preceding 72 cases total up to Rs 662-4-10

I In 55 cases payment is admitted by parties or they fail to appear in answer to notices issued -

Cases
9 to 16 18 to 22. 25 28 to 31 35. 36 to 48 51 to 53. 56 57. 59 to 64 to 67 Rs 350-12-9

(a) The several payees concerned in 45 cases acknowledge payment aggregating to Rs 350-12-9 There however, is reason to believe that in some cases at any rate, the payees have not made a full and true disclosure of facts within their knowledge It has thus been rendered impossible for us to make a definite statement when the claims are withdrawn and we have no correct data to fix any one with any degree of culpability

Cases
23. 24. 26 27. 33 34. 49. 54 58. 68. Rs 56-3-6

(b) In 10 cases involving a total sum of Rs 56-3-6 the payees concerned do not appear in answer to the notices to furnish any information nor can it be traced out if payments are really

really made In these instances as there are no claims urged even after a long lapse of time we believe we are justified in presuming that payments have been made.

cases
3 32. 69. 70 71. 17 37. 65. 72
Rs 231-7-11

II In 10 cases involving a total sum of Rs 231-7-11 payments are definitely ascertained not to have been made to the parties concerned ~~or~~ and moneys received on behalf of the Municipality or Government not to have been remitted to the Municipal or Government Treasuries respectively

Out of the total NO of 10 cases C Ramayya

(a) professes payment to have been made in 4 cases either to the parties concerned or the funds diverted to other purposes,

(b) calls on the Shroff to account in 4 cases,

(c) calls on the despatching clerk to account in 2 cases

Cases 17. 37. 72
Rs 70-9-10

(a) (i) Payment made to parties in 3 cases as alleged by C Ramayya

This naturally implies a claim for 2nd payment on the same head Here, we are asked to believe that the bills are in themselves receipts or that C Ramayya mistook them for such We have discussed this contingency in cases 17 and 18 and have demonstrated how unlikely it could be ~~We have accordingly recommended that the total amount of~~

Cases 17 & 72 Rs 67-9-10
In ~~Six of these Cases involving~~ ~~Rs 60-6-6~~ have found the responsibility of paying the money on C Ramayya.
In ~~the 7th instance (case no 37)~~ we have recommended ~~that the~~ the shroff Ramiah should be called on to pay up Rs 3.

~~Rs. should be made good by C Ramayya.~~

Case 65
Rs 48-3-0

(ii) Money amounting to Rs. 48-3-0 involved in one case alleged by C Ramayya to have been spent on some other items of Municipal or allied expenditure

We have discussed the improbability of such transactions and are doubtful about the bona fide nature of his explanation We have pointed out that at best they can be looked on as nothing less than irregularities of the grossest nature and are of opinion that Head Accountant Ramayya should be held responsible to make good the money

Cases 7-8-32-69
Rs 68-10-1

(b) In 4 cases involving a total amount of Rs 68-10-1 where C Ramayya throws the responsibility of accounting for the money on Ramesh the late Shroff

We have expressed our opinion that in spite of the numerous omissions in the cash book and its incomplete nature rendering it valueless as evidence in a court of law, the entries therein might be taken as genuine We have recommended that in 4 cases, 32 & 69 involving Rs 63-6-1 ~~involving Rs~~ where the money has been noted to have been paid direct to C Ramayya, he should be called on to make good the amount In 2 cases, 7 & 8, however, the Shroff has ~~either~~ made no entry on the expenditure side ~~or~~ is unable to prove to our satisfaction that the sum of Rs 5-4-0 ~~money~~ has reached C Ramayya

substantiate an action of defalcation against C Ramayya, but this cannot blind us to the existence of an extraordinarily long list of cases against one and the same individual in a comparitively short interval of time This, in itself, is sufficient to prove the unfitness of C Ramayya to remain any longer in public service

We therefore believe that we will not be unnecessarily harsh on him by recommending his compulsory retirement

C V Narasimha Iyengar
Sd/- ~~S. Venkatarangiengar~~
" G Siddaveerappa
" B Usman Khan
" R Subba Rao, Vice President

10-4-1916

Copy -

R Subba Rao
Vice President & Chairman of Sub-Committee

P.T.O.

Honorary President's Order.

I generally agree with the findings of the Committee which has gone into the matter thoroghly and recorded careful and well considered finding on each case Every circumstance for and against has been given due consideration

After these disclosures, Head Accountant C Ramiah cannot be allowed to rejoin his post He may be recommended for compulsory retirement He has put in long service and may be dealt with as leniently as possible

My best thanks are due to the gentlemen who have taken the trouble to investigate these charges and frame an exhaustive report

Papers may be submitted to Government

Sd/- K P Puttanna Chetty,

22-4-1916. Honorary President

Copy -

Vice President

B M 109] D 3978

Ind 223-14-13

OFFICE OF THE PRESIDENT,
MUNICIPAL COUNCIL,
BANGALORE CITY, DATED 5-5- 1916

FROM

DEWAN BAHADUR RAJA SABHA BHUSHANA
K P. PUTTANNA CHETTY, Esq,
Honorary President, Municipal Council,
Bangalore City

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
Commercial Revenue Departments,
Bangalore

SIR,

With reference to my letter No. 323 dated 27th April 1916, reporting on the gross irregularities of Mr. C. Ramiah, Head Accountant under suspension, I have the honor to request that the final orders of Government may be kindly deferred pending the submission of the views of the Municipal Council, before which I am placing the matter

I have the honor to be,
Sir,
Your most obedient servant,

K P Puttanna Chetty
Honorary President

C.R.G

1915-16

From The Honorary President
Municipal Council
Bangalore city

To The Secretary to the
Government of Mysore
Revenue Department
Bangalore

Dated 5th } May 1916
Despatched 8th }
Received
General No 330.
No

Enclosure No. Nil

Stating that the report of the Sub committee re traced against mr c will be placed before Council and requesting final orders may be deferred the Submission of the ✓ of the municipal

B M 109]

D 70

Mul 223-14-114

OFFICE OF THE PRESIDENT,
MUNICIPAL COUNCIL,
BANGALORE CITY, DATED 5th July 1916

FROM

DEWAN BAHADUR RAJA SABHA BHUSHANA
K P PUTTANNA CHETTY, Esq,
Honorary President, Municipal Council,
Bangalore City

To

The Secretary to the Government of
His Highness the Maharaja of Mysore,
~~General~~ Revenue Departments,
Bangalore

SIR,

X 223 14 13

In continuation of my letter No 330 of 5th May last and D O letter No 656 dated the 14th June 1916 on the subject of the report on the case of Mr C Ramaiya, Head Accountant, I have the honor to submit herewith, for the information and orders of Government, copy of resolution of the Municipal Council dated the 1st Jul. 1916, accepting the recommendations of the Committee appointed to enquire into the subject

223 14-13

2 I would also mention that certain other old irregularities in the crediting of site values have since been brought to notice This is under investigation The Council were of opinion that each case might be decided on its own merits

I have the honor to be,
Sir,
Your most obedient servant,

K P Puttanna Chetty
Hon President

1 Objections raised and irregularities brought to notice by the Government Auditor while checking the accounts of the years 1913-14 and 1914-15 Report dated the 16th April 1916 of the Committee appointed to enquire into the subject, and the Honorary President's letter No 323, dated the 29th April 1916, submitting the said report to the Secretary to Government in the Revenue Department

Resolution.- The Council accept the recommendations of the Committee appointed to enquire into the subject

---

Sd/- F P Puttanna Chetty,
Honorary President

---

* C O P Y *

For Hon President.

C.R.G

Mr C Ramaiya, Head Acct, Bangalore City Mun

(9)

Proceedings of the Government of H.H. the Maharaja of Mysore.

Read -

Government Order No.7043-4/Ml.223-14-3 dated the 10th March - 1915 approving of the action of the President of the Bangalore City Municipal Council in suspending until - further orders Mr. C. Ramaiya, Head Accountant of the City Municipal Office suspected to be responsible for the loss of Rs.48-3-0 drawn on a cheque in June 1913 for payment to Messrs. Perumal Chetty and Sons, of Madras, and directing a complete audit of all the cheques drawn either by the President or the Vice President in favour of himself or other officer of the Municipal Council during 1912-13, and observing that the system of charging off as final expenditure amounts drawn on cheques and undisbursed to the parties is defective

2 Correspondence ending with letter No.2 dated the 4th July 1916 from the President of the Bangalore City Municipal Council submitting a copy of the report of the Committee appointed by the Municipal Council to investigate into the cases of irregularities brought to light in the -- audit of cheques in accordance with the above order together with his -- opinion and a copy of the resolution of the Council thereon

---

Sd by Mr B Subba Rao

4/8/19

Order No. 1097-8 ml 223-14-15
Dated, Bangalore 4-8-1916

The audit conducted in accordance with the Government Order read above discloses irregularities in 68 cases of disposal of amounts drawn on cheques for disbursement to parties and 4 additional cases have been brought to light in the reports of the Committee appointed by the President of the Municipal Council on 16th July 1915 to examine and inquire into the audit report The amount involved in the seventy two cases referred to is stated to be Rs 662-4-10.

2 The observations of the Committee with regard to the above irregularities are as follows -

(1) In 55 cases involving Rs 407-0-3 the Committee report that the parties concerned have acknowledged payment or there is every reason to presume payment

(ii) In 7 cases involving Rs.23-12-8 the Committee presume from the circumstances of each case that payment has been made in good time

(iii) In 7 cases involving Rs 223-3-11 the Committee hold Mr C. Ramaiya responsible for the loss and recommend that he should make good the amount.

(iv) In the remaining 3 cases involving Rs.8-4-0, Ramaiya, the Shroff

is held to be responsible to make good. the amount.

3 The Committee also observe that it would be difficult to substantiate an action of defalcation against Mr. C. Ramaiya, but that, considering the large number of cases for which he is responsible, he is unfit to remain any -- longer in the public service and recommend his compulsory retirement

4 The Municipal Council have accepted the recommendations of the Committee and the President observes that he generally agrees with the report of the Committee who has gone into the matter thoroughly and after mature deliberation recorded careful and well considered findings in each case He recommends that Mr Ramaiya may be compulsorily retired on a pension of Rs 24/- a month and directed to make good the sum of Rs 223-3-11 in question

5 Government accept the above recommendations and direct that Mr C. Ramaiya, Head Accountant, be retired from service forthwith and steps taken ~~forthwith~~ to recover from him the sum of Rs 223-3-11 for which he is held responsible

6 A report should be submitted about the recovery of the sum of Rs 8-4-0 for which Shroff Ramaiya is held responsible

100

7 The result of the investigation into certain irregularities in the - crediting of site values should be reported early

8 The Comptroller in his letter No 2567/L.A D 135 dated the — September 1915 reports that the several irregularities in question were due not to any defect in the existing rules or account procedure but simply to the laxity on the part of the several officers in whose favour the cheques were drawn in ~~their~~ not seeing to the proper disposal of the money drawn from the -- Treasury He adds that the procedure of allowing the Head Accountant who was primarily responsible for the compilation of accounts to obtain money from the Shroff for payment to the -- parties is highly irregular, and that the audit reports and objection statements for the years 1910-11 to 1913-14 are pending disposal by the President. A detailed report as to the action -- taken for rectifying the errors, omissions and defects reported by the - Comptroller is awaited and it should be submitted before the end of August 1916.

2 8.16

13 7 1916

Offg Secretary to Government
Revenue Dpartment

10

The President of the Bangalore City Municipal Council with Mr - Ranaiya's service Register and other records.

The Comptroller, Mysore Government

? N. 13 7 1916

107

sent No 10978.

GRS 13]

Routine Notes

[To be used only for notes requisitions etc, not intended for permanent record]

1 Stamp Register

1 Shroff's Book

Shroff's Petty Cash Book No

1 Shroff's Petty Cash Book No II

1 Shroff's Petty Cash Book No III

Mis To Register 1910-11 Vol III

1. Health Officer's Delivery Book

on the results of the special audit of the accounts of Bangalore City Municipality for 1912-13 & 1913-14.

memo B the details of cases noted in the ctt for which passes receipts are not forthcoming

memo D the discrepancies & irregularities on the Petty cash Register

memo C. Ramaiyya's service files 1 to 72 with P. Peons.

how much — (1) Sub Committee's Report
(2) C Ramaiyya's service

not sent

NB — Should routine notes be written on small slips, the notes must be copied on this form or slips pasted on

GPB —50 000— 8 15